

105TH CONGRESS
2D SESSION

S. 462

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 21, 1998

Referred to the Committee on Banking and Financial Services

AN ACT

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Public Housing Reform and Responsibility Act of 1997”.

- 1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.
- Sec. 4. Effective date.
- Sec. 5. Proposed regulations; technical recommendations.
- Sec. 6. Elimination of obsolete documents.
- Sec. 7. Annual reports.

TITLE I—PUBLIC HOUSING

- Sec. 101. Declaration of policy.
- Sec. 102. Membership on board of directors.
- Sec. 103. Rental payments.
- Sec. 104. Definitions.
- Sec. 105. Contributions for lower income housing projects.
- Sec. 106. Public housing agency plan.
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- Sec. 109. Public housing site-based waiting lists.
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- Sec. 113. Repeal of modernization fund.
- Sec. 114. Eligibility for public and assisted housing.
- Sec. 115. Demolition and disposition of public housing.
- Sec. 116. Repeal of family investment centers; voucher system for public housing.
- Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
- Sec. 118. Revitalizing severely distressed public housing.
- Sec. 119. Mixed-finance and mixed-ownership projects.
- Sec. 120. Conversion of distressed public housing to tenant-based assistance.
- Sec. 121. Public housing mortgages and security interests.
- Sec. 122. Linking services to public housing residents.
- Sec. 123. Prohibition on use of amounts.
- Sec. 124. Pet ownership.
- Sec. 125. City of Indianapolis flexible grant demonstration.

TITLE II—SECTION 8 RENTAL ASSISTANCE

- Sec. 201. Merger of the certificate and voucher programs.
- Sec. 202. Repeal of Federal preferences.
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- Sec. 206. Law enforcement and security personnel in public housing.
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- Sec. 209. Definition.
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- Sec. 211. Recapture and reuse of annual contribution contract project reserves under the tenant-based assistance program.

TITLE III—SAFETY AND SECURITY IN PUBLIC AND ASSISTED
HOUSING

- Sec. 301. Screening of applicants.
- Sec. 302. Termination of tenancy and assistance.
- Sec. 303. Lease requirements.
- Sec. 304. Availability of criminal records for public housing resident screening and eviction.
- Sec. 305. Definitions.
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TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Public housing flexibility in the CHAS.
- Sec. 402. Determination of income limits.
- Sec. 403. Demolition of public housing.
- Sec. 404. National Commission on Housing Assistance Program Costs.
- Sec. 405. Technical correction of public housing agency opt-out authority.
- Sec. 406. Review of drug elimination program contracts.
- Sec. 407. Treatment of public housing agency repayment agreement.
- Sec. 408. Ceiling rents for certain section 8 properties.
- Sec. 409. Sense of Congress.
- Sec. 410. Other repeals.
- Sec. 411. Guarantee of loans for acquisition of property.
- Sec. 412. Prohibition on use of assistance for employment relocation activities.
- Sec. 413. Use of HOME funds for public housing modernization.
- Sec. 414. Report on single family and multifamily homes.

1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—Congress finds that—

3 (1) there exists throughout the Nation a need
4 for decent, safe, and affordable housing;

5 (2) the inventory of public housing units owned
6 and operated by public housing agencies, an asset in
7 which the Federal Government has invested approxi-
8 mately \$90,000,000,000, has traditionally provided
9 rental housing that is affordable to low-income per-
10 sons;

11 (3) despite serving this critical function, the
12 public housing system is plagued by a series of prob-
13 lems, including the concentration of very poor people

1 in very poor neighborhoods and disincentives for eco-
2 nomic self-sufficiency;

3 (4) the Federal method of overseeing every as-
4 pect of public housing by detailed and complex stat-
5 utes and regulations aggravates the problem and
6 places excessive administrative burdens on public
7 housing agencies;

8 (5) the interests of low-income persons, and the
9 public interest, will best be served by a reformed
10 public housing program that—

11 (A) consolidates many public housing pro-
12 grams into programs for the operation and cap-
13 ital needs of public housing;

14 (B) streamlines program requirements;

15 (C) vests in public housing agencies that
16 perform well the maximum feasible authority,
17 discretion, and control with appropriate ac-
18 countability to both public housing residents
19 and localities; and

20 (D) rewards employment and economic
21 self-sufficiency of public housing residents; and

22 (6) voucher and certificate programs under sec-
23 tion 8 of the United States Housing Act of 1937 are
24 successful for approximately 80 percent of appli-
25 cants, and a consolidation of the voucher and certifi-

1 cate programs into a single, market-driven program
 2 will assist in making section 8 tenant-based assist-
 3 ance more successful in assisting low-income families
 4 in obtaining affordable housing and will increase
 5 housing choice for low-income families.

6 (b) PURPOSES.—The purposes of this Act are—

7 (1) to consolidate the various programs and ac-
 8 tivities under the public housing programs adminis-
 9 tered by the Secretary in a manner designed to re-
 10 duce Federal overregulation;

11 (2) to redirect the responsibility for a consoli-
 12 dated program to States, localities, public housing
 13 agencies, and public housing residents;

14 (3) to require Federal action to overcome prob-
 15 lems of public housing agencies with severe manage-
 16 ment deficiencies; and

17 (4) to consolidate and streamline tenant-based
 18 assistance programs.

19 **SEC. 3. DEFINITIONS.**

20 In this Act:

21 (1) PUBLIC HOUSING AGENCY.—The term
 22 “public housing agency” has the same meaning as in
 23 section 3 of the United States Housing Act of 1937.

24 (2) SECRETARY.—The term “Secretary” means
 25 the Secretary of Housing and Urban Development.

1 **SEC. 4. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Except with respect to any provi-
3 sion or amendment identified by the Secretary under sub-
4 section (b) and as otherwise specifically provided in this
5 Act or the amendments made by this Act, this Act and
6 the amendments made by this Act shall take effect on the
7 date of enactment of this Act.

8 (b) EXCEPTION.—

9 (1) DETERMINATION.—Not later than 2
10 months after the date of enactment of this Act, the
11 Secretary shall identify any provision of this Act, or
12 any amendment made by this Act, the implementa-
13 tion of which, in the determination of the
14 Secretary—

15 (A) requires a substantial exercise of dis-
16 cretion, such that there exists a significant risk
17 of litigation;

18 (B) requires a need for uniform interpreta-
19 tion; or

20 (C) is otherwise problematic, such that im-
21 mediate implementation is inappropriate.

22 (2) NOTICE.—

23 (A) IN GENERAL.—Notwithstanding any
24 other provision of law, not later than 6 months
25 after the date on which the Secretary makes
26 any identification under paragraph (1), the Sec-

retary shall implement each provision or amendment so identified by notice published in the Federal Register, which notice shall—

(i) include such requirements as may be necessary to implement the provision or amendment; and

(ii) invite public comments on those requirements.

(B) EFFECTIVE DATE OF NOTICE.—The notice published under paragraph (2) may, in the discretion of the Secretary, take effect upon publication.

(3) FINAL REGULATIONS.—Not later than 12 months after the date of enactment of this Act, the Secretary shall issue such final regulations as may be necessary, taking into account any comments received under paragraph (2)(A)(ii), to implement each provision or amendment identified under paragraph (1).

SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) PROPOSED REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to Congress proposed regulations that the Secretary determines are necessary to carry out the

1 United States Housing Act of 1937, as amended by this
2 Act.

3 (b) TECHNICAL RECOMMENDATIONS.—Not later
4 than 9 months after the date of enactment of this Act,
5 the Secretary shall submit to the Committee on Banking,
6 Housing, and Urban Affairs of the Senate and the Com-
7 mittee on Banking and Financial Services of the House
8 of Representatives, recommended technical and conform-
9 ing legislative changes necessary to carry out this Act and
10 the amendments made by this Act.

11 **SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.**

12 Effective 1 year after the date of enactment of this
13 Act, no rule, regulation, or order (including all handbooks,
14 notices, and related requirements) pertaining to public
15 housing or section 8 tenant-based programs issued or pro-
16 mulgated under the United States Housing Act of 1937
17 before the date of enactment of this Act may be enforced
18 by the Secretary.

19 **SEC. 7. ANNUAL REPORTS.**

20 Not later than 1 year after the date of enactment
21 of this Act, and annually thereafter, the Secretary shall
22 submit a report to Congress on—

23 (1) the impact of the amendments made by this
24 Act on—

1 (A) the demographics of public housing
 2 residents and families receiving tenant-based
 3 assistance under the United States Housing Act
 4 of 1937; and

5 (B) the economic viability of public hous-
 6 ing agencies; and

7 (2) the effectiveness of the rent policies estab-
 8 lished by this Act and the amendments made by this
 9 Act on the employment status and earned income of
 10 public housing residents.

11 **TITLE I—PUBLIC HOUSING**

12 **SEC. 101. DECLARATION OF POLICY.**

13 Section 2 of the United States Housing Act of 1937
 14 (42 U.S.C. 1437) is amended to read as follows:

15 **“SEC. 2. DECLARATION OF POLICY.**

16 “It is the policy of the United States to promote the
 17 general welfare of the Nation by employing the funds and
 18 credit of the Nation, as provided in this title—

19 “(1) to assist States and political subdivisions
 20 of States to remedy the unsafe housing conditions
 21 and the acute shortage of decent and safe dwellings
 22 for low-income families;

23 “(2) to assist States and political subdivisions
 24 of States to address the shortage of housing afford-
 25 able to low-income families; and

1 “(3) consistent with the objectives of this title,
 2 to vest in public housing agencies that perform well,
 3 the maximum amount of responsibility and flexibility
 4 in program administration, with appropriate ac-
 5 countability to both public housing residents and lo-
 6 calities.”.

7 **SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.**

8 Title I of the United States Housing Act of 1937 (42
 9 U.S.C. 1437 et seq.) is amended—

10 (1) by redesignating the second section des-
 11 ignated as section 27 (as added by section 903(b) of
 12 Public Law 104–193 (110 Stat. 2348)) as section
 13 28; and

14 (2) by adding at the end the following:

15 **“SEC. 29. MEMBERSHIP ON BOARD OF DIRECTORS.**

16 “(a) REQUIRED MEMBERSHIP.—Except as provided
 17 in subsection (b), the membership of the board of directors
 18 of each public housing agency shall contain not less than
 19 1 member—

20 “(1) who is a resident who directly receives as-
 21 sistance from the public housing agency; and

22 “(2) who may, if provided for in the public
 23 housing agency plan (as developed with appropriate
 24 notice and opportunity for comment by the resident

1 advisory board) be elected by the residents directly
2 receiving assistance from the public housing agency.

3 “(b) EXCEPTION.—Subsection (a) shall not apply to
4 any public housing agency—

5 “(1) that is located in a State that requires the
6 members of the board of directors of a public hous-
7 ing agency to be salaried and to serve on a full-time
8 basis; or

9 “(2) with less than 300 units, if—

10 “(A) the public housing agency has pro-
11 vided reasonable notice to the resident advisory
12 board of the opportunity of not less than 1 resi-
13 dent described in subsection (a) to serve on the
14 board of directors of the public housing agency
15 pursuant to that subsection; and

16 “(B) within a reasonable time after receipt
17 by the resident advisory board of notice under
18 subparagraph (A), the public housing agency
19 has not been notified of the intention of any
20 resident to participate on the board of directors.

21 “(c) NONDISCRIMINATION.—No person shall be pro-
22 hibited from serving on the board of directors or similar
23 governing body of a public housing agency because of the
24 residence of that person in a public housing project.”.

1 **SEC. 103. RENTAL PAYMENTS.**

2 (a) IN GENERAL.—Section 3(a)(1)(A) of the United
 3 States Housing Act of 1937 (42 U.S.C. 1437a(a)(1)(A))
 4 is amended by inserting before the semicolon the following:
 5 “ or, if the family resides in public housing, an amount
 6 established by the public housing agency, which shall not
 7 exceed 30 percent of the monthly adjusted income of the
 8 family”.

9 (b) AUTHORITY OF PUBLIC HOUSING AGENCIES.—
 10 Section 3(a)(2) of the United States Housing Act of 1937
 11 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

12 “(2) AUTHORITY OF PUBLIC HOUSING AGEN-
 13 CIES.—

14 “(A) IN GENERAL.—Notwithstanding para-
 15 graph (1), a public housing agency may adopt
 16 ceiling rents that reflect the reasonable market
 17 value of the housing, but that are not less
 18 than—

19 “(i) 75 percent of the monthly cost to
 20 operate the housing of the public housing
 21 agency; and

22 “(ii) the monthly cost to make a de-
 23 posit to a replacement reserve (in the sole
 24 discretion of the public housing agency).

25 “(B) MINIMUM RENT.—Notwithstanding
 26 paragraph (1), a public housing agency may

1 provide that each family residing in a public
 2 housing project or receiving tenant-based or
 3 project-based assistance under section 8 shall
 4 pay a minimum monthly rent in an amount not
 5 to exceed \$25 per month.

6 “(C) POLICE OFFICERS.—

7 “(i) IN GENERAL.—Notwithstanding
 8 any other provision of law and subject to
 9 clause (ii), a public housing agency may, in
 10 accordance with the public housing agency
 11 plan, allow a police officer who is not oth-
 12 erwise eligible for residence in public hous-
 13 ing to reside in a public housing unit. The
 14 number and location of units occupied by
 15 police officers under this clause, and the
 16 terms and conditions of their tenancies,
 17 shall be determined by the public housing
 18 agency.

19 “(ii) INCREASED SECURITY.—A public
 20 housing agency may take the actions au-
 21 thorized in clause (i) only for the purpose
 22 of increasing security for the residents of
 23 a public housing project.

24 “(iii) DEFINITION.—In this subpara-
 25 graph, the term ‘police officer’ means any

1 person determined by a public housing
 2 agency to be, during the period of resi-
 3 dence of that person in public housing, em-
 4 ployed on a full-time basis as a duly li-
 5 censed professional police officer by a Fed-
 6 eral, State, or local government or by any
 7 agency thereof (including a public housing
 8 agency having an accredited police force).

9 “(D) EXCEPTION TO INCOME LIMITATIONS
 10 FOR CERTAIN PUBLIC HOUSING AGENCIES.—

11 “(i) DEFINITION OF OVER-INCOME
 12 FAMILY.—In this subparagraph, the term
 13 ‘over-income family’ means an individual
 14 or family that is not a low-income family
 15 or a very low-income family.

16 “(ii) AUTHORIZATION.—Notwith-
 17 standing any other provision of law, a pub-
 18 lic housing agency that manages less than
 19 250 units may, on a month-to-month basis,
 20 lease a unit in a public housing project to
 21 an over-income family in accordance with
 22 this subparagraph, if there are no eligible
 23 families applying for residence in that pub-
 24 lic housing project for that month.

1 “(iii) TERMS AND CONDITIONS.—The
 2 number and location of units occupied by
 3 over-income families under this subpara-
 4 graph, and the terms and conditions of
 5 those tenancies, shall be determined by the
 6 public housing agency, except that—

7 “(I) rent for a unit shall be in an
 8 amount that is equal to not less than
 9 the costs to operate the unit;

10 “(II) if an eligible family applies
 11 for residence after an over-income
 12 family moves in to the last available
 13 unit, the over-income family shall va-
 14 cate the unit not later than the date
 15 on which the month term expires; and

16 “(III) if a unit is vacant and
 17 there is no one on the waiting list, the
 18 public housing agency may allow an
 19 over-income family to gain immediate
 20 occupancy in the unit, while simulta-
 21 neously providing reasonable public
 22 notice of the availability of the unit.

23 “(E) ENCOURAGEMENT OF SELF-SUFFI-
 24 CIENCY.—Each public housing agency shall de-
 25 velop a rental policy that encourages and re-

1 wards employment and economic self-suffi-
 2 ciency.”.

3 (c) REGULATIONS.—

4 (1) IN GENERAL.—The Secretary shall, by reg-
 5 ulation, after notice and an opportunity for public
 6 comment, establish such requirements as may be
 7 necessary to carry out section 3(a)(2)(A) of the
 8 United States Housing Act of 1937, as amended by
 9 this section.

10 (2) TRANSITION RULE.—

11 (A) IN GENERAL.—Subject to subpara-
 12 graph (B), prior to the issuance of final regula-
 13 tions under paragraph (1), a public housing
 14 agency may implement ceiling rents, which shall
 15 be—

16 (i) determined in accordance with sec-
 17 tion 3(a)(2)(A) of the United States Hous-
 18 ing Act of 1937 (amended by subsection
 19 (b) of this section);

20 (ii) equal to the 95th percentile of the
 21 rent paid for a unit of comparable size by
 22 residents in the same public housing
 23 project or a group of comparable projects
 24 totaling 50 units or more; or

1 (iii) equal to the fair market rent for
 2 the area in which the unit is located.

3 (B) MINIMUM AMOUNT.—The amount of
 4 any ceiling rent implemented by a public hous-
 5 ing agency under this paragraph may not be
 6 less than 75 percent of the monthly cost to op-
 7 erate the housing.

8 **SEC. 104. DEFINITIONS.**

9 (a) DEFINITIONS.—

10 (1) SINGLE PERSONS.—Section 3(b)(3) of the
 11 United States Housing Act of 1937 (42 U.S.C.
 12 1437a(b)(3)) is amended—

13 (A) in subparagraph (A), by striking the
 14 third sentence; and

15 (B) in subparagraph (B), in the second
 16 sentence, by striking “regulations of the Sec-
 17 retary” and inserting “public housing agency
 18 plan”.

19 (2) ADJUSTED INCOME.—Section 3(b)(5) of the
 20 United States Housing Act of 1937 (42 U.S.C.
 21 1437a(b)(5)) is amended to read as follows:

22 “(5) ADJUSTED INCOME.—The term ‘adjusted
 23 income’ means the income that remains after
 24 excluding—

1 “(A) \$480 for each member of the family
2 residing in the household (other than the head
3 of the household or the spouse of the head of
4 the household)—

5 “(i) who is under 18 years of age; or

6 “(ii) who is—

7 “(I) 18 years of age or older; and

8 “(II) a person with disabilities or
9 a full-time student;

10 “(B) \$400 for an elderly or disabled fam-
11 ily;

12 “(C) the amount by which the aggregate
13 of—

14 “(i) medical expenses for an elderly or
15 disabled family; and

16 “(ii) reasonable attendant care and
17 auxiliary apparatus expenses for each fam-
18 ily member who is a person with disabil-
19 ities, to the extent necessary to enable any
20 member of the family (including a member
21 who is a person with disabilities) to be em-
22 ployed;

23 exceeds 3 percent of the annual income of the
24 family;

1 “(D) child care expenses, to the extent
 2 necessary to enable another member of the fam-
 3 ily to be employed or to further his or her edu-
 4 cation; and

5 “(E) any other adjustments to earned in-
 6 come that the public housing agency determines
 7 to be appropriate, as provided in the public
 8 housing agency plan.”.

9 (b) DISALLOWANCE OF EARNED INCOME FROM PUB-
 10 LIC HOUSING RENT DETERMINATIONS.—

11 (1) IN GENERAL.—Section 3 of the United
 12 States Housing Act of 1937 (42 U.S.C. 1437a) is
 13 amended—

14 (A) by striking the undesignated para-
 15 graph at the end of subsection (c)(3) (as added
 16 by section 515(b) of the Cranston-Gonzalez Na-
 17 tional Affordable Housing Act); and

18 (B) by adding at the end the following:

19 “(d) DISALLOWANCE OF EARNED INCOME FROM
 20 PUBLIC HOUSING RENT DETERMINATIONS.—

21 “(1) IN GENERAL.—Notwithstanding any other
 22 provision of law, the rent payable under subsection
 23 (a) by a family—

24 “(A) that—

1 “(i) occupies a unit in a public hous-
 2 ing project; or

3 “(ii) receives assistance under section
 4 8; and

5 “(B) whose income increases as a result of
 6 employment of a member of the family who was
 7 previously unemployed for 1 or more years (in-
 8 cluding a family whose income increases as a
 9 result of the participation of a family member
 10 in any family self-sufficiency or other job train-
 11 ing program);

12 may not be increased as a result of the increased in-
 13 come due to such employment during the 18-month
 14 period beginning on the date on which the employ-
 15 ment is commenced.

16 “(2) PHASE-IN OF RATE INCREASES.—After the
 17 expiration of the 18-month period referred to in
 18 paragraph (1), rent increases due to the continued
 19 employment of the family member described in para-
 20 graph (1)(B) shall be phased in over a subsequent
 21 3-year period.

22 “(3) OVERALL LIMITATION.—Rent payable
 23 under subsection (a) shall not exceed the amount de-
 24 termined under subsection (a).

25 “(e) INDIVIDUAL SAVINGS ACCOUNTS.—

1 “(1) IN GENERAL.—In lieu of a disallowance of
 2 earned income under subsection (d), upon the re-
 3 quest of a family that qualifies under subsection (d),
 4 a public housing agency may establish an individual
 5 savings account in accordance with this subsection
 6 for that family.

7 “(2) DEPOSITS TO ACCOUNT.—The public hous-
 8 ing agency shall deposit in any savings account es-
 9 tablished under this subsection an amount equal to
 10 the total amount that otherwise would be applied to
 11 the family’s rent payment under subsection (a) as a
 12 result of employment.

13 “(3) WITHDRAWAL FROM ACCOUNT.—Amounts
 14 deposited in a savings account established under this
 15 subsection may only be withdrawn by the family for
 16 the purpose of—

17 “(A) purchasing a home;

18 “(B) paying education costs of family
 19 members;

20 “(C) moving out of public or assisted hous-
 21 ing; or

22 “(D) paying any other expense authorized
 23 by the public housing agency for the purpose of
 24 promoting the economic self-sufficiency of resi-
 25 dents of public and assisted housing.”.

1 (2) APPLICABILITY OF AMENDMENT.—

2 (A) PUBLIC HOUSING.—Notwithstanding
3 the amendment made by paragraph (1), any
4 resident of public housing participating in the
5 program under the authority contained in the
6 undesignated paragraph at the end of section
7 3(c)(3) of the United States Housing Act of
8 1937, as that section existed on the day before
9 the date of enactment of this Act, shall be gov-
10 erned by that authority after that date.

11 (B) SECTION 8.—The amendment made by
12 paragraph (1) shall apply to tenant-based as-
13 sistance provided under section 8 of the United
14 States Housing Act of 1937, with funds appro-
15 priated on or after October 1, 1997.

16 (c) DEFINITIONS OF TERMS USED IN REFERENCE
17 TO PUBLIC HOUSING.—

18 (1) IN GENERAL.—Section 3(c) of the United
19 States Housing Act of 1937 (42 U.S.C. 1437a(c)) is
20 amended—

21 (A) in paragraph (1), by inserting “and of
22 the fees and related costs normally involved in
23 obtaining non-Federal financing and tax credits
24 with or without private and nonprofit partners”
25 after “carrying charges”; and

(B) in paragraph (2), in the first sentence, by striking “security personnel),” and all that follows through the period and inserting the following: “security personnel), service coordinators, drug elimination activities, or financing in connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.”.

(2) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3817) is amended by striking “‘project.’” and inserting “paragraph (3)”.

(3) NEW DEFINITIONS.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following:

“(6) PUBLIC HOUSING AGENCY PLAN.—The term ‘public housing agency plan’ means the plan of the public housing agency prepared in accordance with section 5A.

“(7) DISABLED HOUSING.—The term ‘disabled housing’ means any public housing project, building, or portion of a project or building, that is designated

1 by a public housing agency for occupancy exclusively
 2 by disabled persons or families.

3 “(8) ELDERLY HOUSING.—The term ‘elderly
 4 housing’ means any public housing project, building,
 5 or portion of a project or building, that is designated
 6 by a public housing agency exclusively for occupancy
 7 exclusively by elderly persons or families, including
 8 elderly disabled persons or families.

9 “(9) MIXED-FINANCE PROJECT.—The term
 10 ‘mixed-finance project’ means a public housing
 11 project that meets the requirements of section 30.

12 “(10) CAPITAL FUND.—The term ‘Capital
 13 Fund’ means the fund established under section
 14 9(c).

15 “(11) OPERATING FUND.—The term ‘Operating
 16 Fund’ means the fund established under section
 17 9(d).”.

18 **SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING**
 19 **PROJECTS.**

20 (a) IN GENERAL.—Section 5 of the United States
 21 Housing Act of 1937 (42 U.S.C. 1437c) is amended by
 22 striking subsections (h) through (l).

23 (b) CONFORMING AMENDMENTS.—The United States
 24 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
 25 amended—

1 (1) in section 21(d), by striking “section 5(h)
2 or”;

3 (2) in section 25(l)(1), by striking “and for sale
4 under section 5(h)”;

5 (3) in section 307, by striking “section 5(h)
6 and”.

7 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

8 (a) IN GENERAL.—Title I of the United States Hous-
9 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
10 inserting after section 5 the following:

11 **“SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

12 “(a) 5-YEAR PLAN.—

13 “(1) IN GENERAL.—Subject to paragraph (2),
14 not less than once every 5 fiscal years, each public
15 housing agency shall submit to the Secretary a plan
16 that includes, with respect to the 5 fiscal years im-
17 mediately following the date on which the plan is
18 submitted—

19 “(A) a statement of the mission of the
20 public housing agency for serving the needs of
21 low-income and very low-income families in the
22 jurisdiction of the public housing agency during
23 those fiscal years; and

24 “(B) a statement of the goals and objec-
25 tives of the public housing agency that will en-

1 able the public housing agency to serve the
2 needs identified pursuant to subparagraph (A)
3 during those fiscal years.

4 “(2) INITIAL PLAN.—The initial 5-year plan
5 submitted by a public housing agency under this
6 subsection shall be submitted for the 5-year period
7 beginning with the first fiscal year following the date
8 of enactment of the Public Housing Reform and Re-
9 sponsibility Act of 1997 for which the public housing
10 agency receives assistance under this Act.

11 “(b) ANNUAL PLAN.—

12 “(1) IN GENERAL.—Each public housing agen-
13 cy shall submit to the Secretary a public housing
14 agency plan under this subsection for each fiscal
15 year for which the public housing agency receives as-
16 sistance under sections 8(o) and 9.

17 “(2) UPDATES.—For each fiscal year after the
18 initial submission of a plan under this section by a
19 public housing agency, the public housing agency
20 may comply with requirements for submission of a
21 plan under this subsection by submitting an update
22 of the plan for the fiscal year.

23 “(c) PROCEDURES.—

24 “(1) IN GENERAL.—The Secretary shall estab-
25 lish requirements and procedures for submission and

1 review of plans, including requirements for timing
 2 and form of submission, and for the contents of
 3 those plans.

4 “(2) CONTENTS.—The procedures established
 5 under paragraph (1) shall provide that a public
 6 housing agency shall—

7 “(A) consult with the resident advisory
 8 board established under subsection (e) in devel-
 9 oping the plan; and

10 “(B) ensure that the plan under this sec-
 11 tion is consistent with the applicable com-
 12 prehensive housing affordability strategy (or
 13 any consolidated plan incorporating that strat-
 14 egy) for the jurisdiction in which the public
 15 housing agency is located, in accordance with
 16 title I of the Cranston-Gonzalez National Af-
 17 fordable Housing Act and contains a certifi-
 18 cation by the appropriate State or local official
 19 that the plan meets the requirements of this
 20 paragraph and a description of the manner in
 21 which the applicable contents of the public
 22 housing agency plan are consistent with the
 23 comprehensive housing affordability strategy.

24 “(d) CONTENTS.—An annual public housing agency
 25 plan under this section for a public housing agency shall

1 contain the following information relating to the upcoming
2 fiscal year for which the assistance under this Act is to
3 be made available:

4 “(1) NEEDS.—A statement of the housing
5 needs of low-income and very low-income families re-
6 siding in the jurisdiction served by the public hous-
7 ing agency, and of other low-income and very low-
8 income families on the waiting list of the agency (in-
9 cluding housing needs of elderly families and dis-
10 abled families), and the means by which the public
11 housing agency intends, to the maximum extent
12 practicable, to address those needs.

13 “(2) FINANCIAL RESOURCES.—A statement of
14 financial resources available to the agency and the
15 planned uses of those resources.

16 “(3) ELIGIBILITY, SELECTION, AND ADMIS-
17 SIONS POLICIES.—A statement of the policies gov-
18 erning eligibility, selection, admissions (including
19 any preferences), assignment, and occupancy of fam-
20 ilies with respect to public housing dwelling units
21 and housing assistance under section 8(o).

22 “(4) RENT DETERMINATION.—A statement of
23 the policies of the public housing agency governing
24 rents charged for public housing dwelling units and

1 rental contributions of assisted families under sec-
2 tion 8(o).

3 “(5) OPERATION AND MANAGEMENT.—A state-
4 ment of the rules, standards, and policies of the pub-
5 lic housing agency governing maintenance and man-
6 agement of housing owned and operated by the pub-
7 lic housing agency (which shall include measures
8 necessary for the prevention or eradication of infes-
9 tation by cockroaches), and management of the pub-
10 lic housing agency and programs of the public hous-
11 ing agency.

12 “(6) GRIEVANCE PROCEDURE.—A statement of
13 the grievance procedures of the public housing agen-
14 cy.

15 “(7) CAPITAL IMPROVEMENTS.—With respect
16 to public housing developments owned or operated
17 by the public housing agency, a plan describing the
18 capital improvements necessary to ensure long-term
19 physical and social viability of the developments.

20 “(8) DEMOLITION AND DISPOSITION.—With re-
21 spect to public housing developments owned or oper-
22 ated by the public housing agency—

23 “(A) a description of any housing to be de-
24 molished or disposed of; and

1 “(B) a timetable for that demolition or dis-
2 position.

3 “(9) DESIGNATION OF HOUSING FOR ELDERLY
4 AND DISABLED FAMILIES.—With respect to public
5 housing developments owned or operated by the pub-
6 lic housing agency, a description of any develop-
7 ments (or portions thereof) that the public housing
8 agency has designated or will designate for occu-
9 pancy by elderly and disabled families in accordance
10 with section 7.

11 “(10) CONVERSION OF PUBLIC HOUSING.—
12 With respect to public housing owned or operated by
13 a public housing agency—

14 “(A) a description of any building or build-
15 ings that the public housing agency is required
16 to convert to tenant-based assistance under sec-
17 tion 31 or that the public housing agency volun-
18 tarily converts under section 22;

19 “(B) an analysis of those buildings re-
20 quired under that section for conversion; and

21 “(C) a statement of the amount of grant
22 amounts to be used for rental assistance or
23 other housing assistance.

24 “(11) HOMEOWNERSHIP ACTIVITIES.—A de-
25 scription of any homeownership programs of the

1 public housing agency and the requirements for par-
 2 ticipation in and the assistance available under those
 3 programs.

4 “(12) ECONOMIC SELF-SUFFICIENCY AND CO-
 5 ORDINATION WITH WELFARE AND OTHER APPRO-
 6 PRIATE AGENCIES.—A description of—

7 “(A) any programs relating to services and
 8 amenities provided or offered to assisted fami-
 9 lies;

10 “(B) any policies or programs of the public
 11 housing agency for the enhancement of the eco-
 12 nomic and social self-sufficiency of assisted
 13 families; and

14 “(C) how the public housing agency will
 15 comply with the requirements of subsections (c)
 16 and (d) of section 12.

17 “(13) SAFETY AND CRIME PREVENTION.—A de-
 18 scription of policies established by the public housing
 19 agency that increase or maintain the safety of public
 20 housing residents.

21 “(14) CERTIFICATION.—An annual certification
 22 by the public housing agency that the public housing
 23 agency will carry out the public housing agency plan
 24 in conformity with title VI of the Civil Rights Act
 25 of 1964, the Fair Housing Act, section 504 of the

1 Rehabilitation Act of 1973, and title II of the Amer-
2 icans with Disabilities Act of 1990, and will affirma-
3 tively further the goal of fair housing.

4 “(15) ANNUAL AUDIT.—The results of the most
5 recent fiscal year audit of the public housing agency.

6 “(e) RESIDENT ADVISORY BOARD.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (3), each public housing agency shall establish
9 1 or more resident advisory boards in accordance
10 with this subsection, the membership of which shall
11 adequately reflect and represent the residents of the
12 dwelling units owned, operated, or assisted by the
13 public housing agency.

14 “(2) PURPOSE.—Each resident advisory board
15 established under this subsection shall assist and
16 make recommendations regarding the development
17 of the public housing agency plan. The public hous-
18 ing agency shall consider the recommendations of
19 the resident advisory boards in preparing the final
20 public housing agency plan, and shall include a copy
21 of those recommendations and a description of the
22 manner in which those recommendations were ad-
23 dressed in the public housing agency plan submitted
24 to the Secretary under this section.

1 “(3) WAIVER.—The Secretary may waive the
 2 requirements of this subsection with respect to the
 3 establishment of resident advisory boards, if the
 4 public housing agency demonstrates to the satisfac-
 5 tion of the Secretary that there exists a resident
 6 council or other resident organization of the public
 7 housing agency that—

8 “(A) adequately represents the interests of
 9 the residents of the public housing agency; and

10 “(B) has the ability to perform the func-
 11 tions described in paragraph (2).

12 “(f) PUBLICATION OF NOTICE.—

13 “(1) IN GENERAL.—Not later than 45 days be-
 14 fore the date of a hearing conducted under para-
 15 graph (2) by the governing body of a public housing
 16 agency, the public housing agency shall publish a no-
 17 tice informing the public that—

18 “(A) the proposed public housing agency
 19 plan and all relevant information is available
 20 for inspection at the principal office of the pub-
 21 lic housing agency during normal business
 22 hours; and

23 “(B) a public hearing will be conducted to
 24 discuss the public housing agency plan and to
 25 invite public comment regarding that plan.

1 “(2) PUBLIC HEARING.—Each public housing
2 agency shall, at a location that is convenient to resi-
3 dents, conduct a public hearing, as provided in the
4 notice published under paragraph (1).

5 “(3) ADOPTION OF PLAN.—After conducting
6 the public hearing under paragraph (2), and after
7 considering all public comments received and, in con-
8 sultation with the resident advisory board, making
9 any appropriate changes in the public housing agen-
10 cy plan, the public housing agency shall—

11 “(A) adopt the public housing agency plan;
12 and

13 “(B) submit the plan to the Secretary in
14 accordance with this section.

15 “(g) AMENDMENTS AND MODIFICATIONS TO
16 PLANS.—

17 “(1) IN GENERAL.—Except as provided in para-
18 graph (2), nothing in this section shall preclude a
19 public housing agency, after submitting a plan to the
20 Secretary in accordance with this section, from
21 amending or modifying any policy, rule, regulation,
22 or plan of the public housing agency, except that no
23 such significant amendment or modification may be
24 adopted or implemented—

1 “(A) other than at a duly called meeting of
 2 commissioners (or other comparable governing
 3 body) of the public housing agency that is open
 4 to the public; and

5 “(B) until notification of the amendment
 6 or modification is provided to the Secretary and
 7 approved in accordance with subsection (h)(2).

8 “(2) CONSISTENCY.—Each significant amend-
 9 ment or modification to a public housing agency
 10 plan submitted to the Secretary under this section
 11 shall—

12 “(A) meet the consistency requirement of
 13 subsection (c)(2);

14 “(B) be subject to the notice and public
 15 hearing requirements of subsection (f); and

16 “(C) be subject to approval by the Sec-
 17 retary in accordance with subsection (h)(2).

18 “(h) TIMING OF PLANS.—

19 “(1) IN GENERAL.—

20 “(A) INITIAL SUBMISSION.—Each public
 21 housing agency shall submit the initial plan re-
 22 quired by this section, and any amendment or
 23 modification to the initial plan, to the Secretary
 24 at such time and in such form as the Secretary
 25 shall require.

“(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

“(2) REVIEW AND APPROVAL.—

“(A) REVIEW.—Subject to subparagraph (B), after submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

“(i) set forth the information required by this section to be contained in a public housing agency plan;

“(ii) are consistent with information and data available to the Secretary, includ-

ing the approved comprehensive housing
affordability strategy under title I of the
Cranston-Gonzalez National Affordable
Housing Act of the jurisdiction in which
the public housing agency is located; and

“(iii) are prohibited by or inconsistent
with any provision of this title or other ap-
plicable law.

“(B) EXCEPTION.—

“(i) IN GENERAL.—Except as pro-
vided in clause (ii), the Secretary may, by
regulation, provide that 1 or more elements
of a public housing agency plan shall be re-
viewed only if the element is challenged.

“(ii) INAPPLICABILITY TO CERTAIN
PROVISIONS.—Notwithstanding clause (i),
the Secretary shall review the information
submitted under paragraphs (7) and (14)
of subsection (d).

“(C) APPROVAL.—

“(i) IN GENERAL.—Except as pro-
vided in paragraph (3)(B), not later than
60 days after the date on which a public
housing agency plan is submitted in ac-
cordance with this section (or, with respect

1 to the initial provision of notice under this
 2 subparagraph, not later than 75 days after
 3 the date on which the initial public housing
 4 agency plan is submitted in accordance
 5 with this section), the Secretary shall pro-
 6 vide written notice to the public housing
 7 agency if the plan has been disapproved,
 8 stating with specificity the reasons for the
 9 disapproval.

10 “(ii) FAILURE TO PROVIDE NOTICE OF
 11 DISAPPROVAL.—If the Secretary does not
 12 provide notice of disapproval under clause
 13 (i) before the expiration of the period de-
 14 scribed in clause (i), the public housing
 15 agency plan shall be deemed to be ap-
 16 proved by the Secretary.

17 “(D) PUBLIC AVAILABILITY.—The public
 18 housing agency shall make the approved plan
 19 available to the general public.

20 “(3) SECRETARIAL DISCRETION.—

21 “(A) IN GENERAL.—The Secretary may re-
 22 quire such additional information as the Sec-
 23 retary determines to be appropriate for each
 24 public housing agency that is—

1 “(i) at risk of being designated as
2 troubled under section 6(j); or

3 “(ii) designated as troubled under sec-
4 tion 6(j).

5 “(B) TROUBLED AGENCIES.—The Sec-
6 retary shall provide explicit written approval or
7 disapproval, in a timely manner, for a public
8 housing agency plan submitted by any public
9 housing agency designated by the Secretary as
10 a troubled public housing agency under section
11 6(j).

12 “(C) ADVISORY BOARD CONSULTATION EN-
13 FORCEMENT.—Following a written request by
14 the resident advisory board that documents a
15 failure on the part of the public housing agency
16 to provide adequate notice and opportunity for
17 comment under subsection (f), and upon a Sec-
18 retarial finding of good cause within the time
19 period provided for in paragraph (2)(B) of this
20 subsection, the Secretary may require the public
21 housing agency to adequately remedy that fail-
22 ure prior to a final approval of the public hous-
23 ing agency plan under this section.

1 “(4) STREAMLINED PLAN.—In carrying out this
2 section, the Secretary may establish a streamlined
3 public housing agency plan for—

4 “(A) public housing agencies that are de-
5 termined by the Secretary to be high perform-
6 ing public housing agencies;

7 “(B) public housing agencies with less
8 than 250 public housing units that have not
9 been designated as troubled under section 6(j);
10 and

11 “(C) public housing agencies that only ad-
12 minister tenant-based assistance and that do
13 not own or operate public housing.

14 “(5) COMPLIANCE WITH PLAN.—

15 “(A) IN GENERAL.—In providing assist-
16 ance under this title, a public housing agency
17 shall comply with the rules, standards, and poli-
18 cies established in the public housing agency
19 plan of the public housing agency approved
20 under this section.

21 “(B) INVESTIGATION AND ENFORCE-
22 MENT.—In carrying out this title, the Secretary
23 shall—

24 “(i) provide an appropriate response
25 to any complaint concerning noncompliance

by a public housing agency with the applicable public housing agency plan; and

“(ii) if the Secretary determines, based on a finding of the Secretary or other information available to the Secretary, that a public housing agency is not complying with the applicable public housing agency plan, take such actions as the Secretary determines to be appropriate to ensure such compliance.”.

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the

1 United States Housing Act of 1937 (as added by
2 subsection (a) of this section).

3 (c) AUDIT AND REVIEW; REPORT.—

4 (1) AUDIT AND REVIEW.—Not later than 1 year
5 after the effective date of final regulations promul-
6 gated under subsection (b)(2), in order to determine
7 the degree of compliance with public housing agency
8 plans approved under section 5A of the United
9 States Housing Act of 1937 (as added by subsection
10 (a) of this section) by public housing agencies, the
11 Comptroller General of the United States shall
12 conduct—

13 (A) a review of a representative sample of
14 the public housing agency plans approved under
15 such section 5A before that date; and

16 (B) an audit and review of the public hous-
17 ing agencies submitting those plans.

18 (2) REPORT.—Not later than 2 years after the
19 date on which public housing agency plans are ini-
20 tially required to be submitted under section 5A of
21 the United States Housing Act of 1937 (as added by
22 subsection (a) of this section) the Comptroller Gen-
23 eral of the United States shall submit to Congress
24 a report, which shall include—

1 (A) a description of the results of each
2 audit and review under paragraph (1); and

3 (B) any recommendations for increasing
4 compliance by public housing agencies with
5 their public housing agency plans approved
6 under section 5A of the United States Housing
7 Act of 1937 (as added by subsection (a) of this
8 section).

9 **SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.**

10 (a) CONDITIONS.—Section 6(a) of the United States
11 Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

12 (1) in the first sentence, by inserting “, in a
13 manner consistent with the public housing agency
14 plan” before the period; and

15 (2) by striking the second sentence.

16 (b) REPEAL OF FEDERAL PREFERENCES; REVISION
17 OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COM-
18 PLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGI-
19 BILITY.—Section 6(c) of the United States Housing Act
20 of 1937 (42 U.S.C. 1437d(c)) is amended to read as fol-
21 lows:

22 “(c) ACCOUNTING SYSTEM FOR RENTAL COLLEC-
23 TIONS AND COSTS.—

24 “(1) ESTABLISHMENT.—Each public housing
25 agency that receives grant amounts under this title

1 shall establish and maintain a system of accounting
 2 for rental collections and costs (including adminis-
 3 trative, utility, maintenance, repair, and other oper-
 4 ating costs) for each project.

5 “(2) ACCESS TO RECORDS.—Each public hous-
 6 ing agency shall make available to the general public
 7 the information required pursuant to paragraph (1)
 8 regarding collections and costs.

9 “(3) EXEMPTION.—The Secretary may permit
 10 authorities owning or operating fewer than 500
 11 dwelling units to comply with the requirements of
 12 this subsection by accounting on an agency-wide
 13 basis.”.

14 (c) EXCESS FUNDS.—Section 6(e) of the United
 15 States Housing Act of 1937 (42 U.S.C. 1437d(e)) is
 16 amended to read as follows:

17 “(e) [Reserved.]”.

18 (d) PERFORMANCE INDICATORS FOR PUBLIC HOUS-
 19 ING AGENCIES.—Section 6(j) of the United States Hous-
 20 ing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

21 (1) in paragraph (1)—

22 (A) in subparagraph (B)—

23 (i) by striking “obligated” and insert-
 24 ing “provided”; and

1 (ii) by striking “unexpended” and in-
2 serting “unobligated by the public housing
3 agency”;

4 (B) in subparagraph (D), by striking “en-
5 ergy” and inserting “utility”;

6 (C) by redesignating subparagraph (H) as
7 subparagraph (L); and

8 (D) by inserting after subparagraph (G)
9 the following:

10 “(H) The extent to which the public hous-
11 ing agency—

12 “(i) coordinates, promotes, or provides
13 effective programs and activities to pro-
14 mote the economic self-sufficiency of public
15 housing residents; and

16 “(ii) provides public housing residents
17 with opportunities for involvement in the
18 administration of the public housing.

19 “(I) The extent to which the public hous-
20 ing agency implements—

21 “(i) effective screening and eviction
22 policies; and

23 “(ii) other anticrime strategies;
24 including the extent to which the public housing
25 agency coordinates with local government offi-

1 cials and residents in the development and im-
2 plementation of these strategies.

3 “(J) The extent to which the public hous-
4 ing agency is providing acceptable basic housing
5 conditions.

6 “(K) The extent to which the public hous-
7 ing agency successfully meets the goals and car-
8 ries out the activities and programs of the pub-
9 lic housing agency plan under section 5(A).”;

10 (2) in paragraph (2)(A)(i), by inserting after
11 the first sentence the following: “The Secretary may
12 use a simplified set of indicators for public housing
13 agencies with less than 250 public housing units.”;
14 and

15 (3) by adding at the end the following:

16 “(5)(A) To the extent that the Secretary deter-
17 mines such action to be necessary in order to ensure
18 the accuracy of any certification made under this
19 section, the Secretary shall require an independent
20 auditor to review documentation or other informa-
21 tion maintained by a public housing agency or resi-
22 dent management corporation pursuant to this sec-
23 tion to substantiate each certification submitted by
24 the agency or corporation relating to the perform-
25 ance of that agency or corporation.

1 “(B) The Secretary may withhold, from assist-
 2 ance otherwise payable to the agency or corporation
 3 under section 9, amounts sufficient to pay for the
 4 reasonable costs of any review under this para-
 5 graph.”.

6 (e) DRUG-RELATED AND CRIMINAL ACTIVITY.—Sec-
 7 tion 6(k) of the United States Housing Act of 1937 (42
 8 U.S.C. 1437d(k)) is amended, in the matter following
 9 paragraph (6)—

10 (1) by striking “drug-related” and inserting
 11 “violent or drug-related”; and

12 (2) by inserting “or any activity resulting in a
 13 felony conviction,” after “on or off such premises,”.

14 (f) LEASES.—Section 6(l) of the United States Hous-
 15 ing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

16 (1) in paragraph (3), by striking “not be less
 17 than” and all that follows through the end of para-
 18 graph (3) and inserting: “be the period of time re-
 19 quired under State or local law, except that the pub-
 20 lic housing agency may provide such notice within a
 21 reasonable time which does not exceed the lesser
 22 of—

23 “(A) the period provided under applicable
 24 State or local law; or

25 “(B) 30 days—

1 “(i) if the health or safety of other
 2 tenants, public housing agency employees,
 3 or persons residing in the immediate vicin-
 4 ity of the premises is threatened; or

5 “(ii) in the event of any drug-related
 6 or violent criminal activity or any felony
 7 conviction;”;

8 (2) in paragraph (6), by striking “and” at the
 9 end;

10 (3) by redesignating paragraph (7) as para-
 11 graph (8); and

12 (4) by inserting after paragraph (6) following:

13 “(7) provide that any occupancy in violation of
 14 section 7(e)(1) or the furnishing of any false or mis-
 15 leading information pursuant to section 7(e)(2) shall
 16 be cause for termination of tenancy; and”.

17 (g) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE
 18 CHILDREN.—Section 6(o) of the United States Housing
 19 Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking
 20 “Subject” and all that follows through “, in” and inserting
 21 “In”.

22 (h) PREFERENCE FOR AREAS WITH INADEQUATE
 23 SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p)
 24 of the United States Housing Act of 1937 (42 U.S.C.
 25 1437d(p)) is amended to read as follows:

1 “(p) [Reserved.]”.

2 (i) TRANSITION RULE RELATING TO PREF-
 3 ERENCES.—During the period beginning on the date of
 4 enactment of this Act and ending on the date on which
 5 the initial public housing agency plan of a public housing
 6 agency is approved under section 5A of the United States
 7 Housing Act of 1937 (as added by this Act) the public
 8 housing agency may establish local preferences for making
 9 available public housing under the United States Housing
 10 Act of 1937 and for providing tenant-based assistance
 11 under section 8 of that Act.

12 **SEC. 108. EXPANSION OF POWERS FOR DEALING WITH PUB-**
 13 **LIC HOUSING AGENCIES IN SUBSTANTIAL DE-**
 14 **FAULT.**

15 (a) IN GENERAL.—Section 6(j)(3) of the United
 16 States Housing Act of 1937 (42 U.S.C. 1437d) is
 17 amended—

18 (1) in subparagraph (A)—

19 (A) by striking clause (i) and inserting the
 20 following:

21 “(i) solicit competitive proposals from
 22 other public housing agencies and private
 23 housing management agents that, in the
 24 discretion of the Secretary, may be selected
 25 by existing public housing residents

1 through administrative procedures estab-
2 lished by the Secretary; if appropriate,
3 these proposals shall provide for such
4 agents to manage all, or part, of the hous-
5 ing administered by the public housing
6 agency or all or part of the other programs
7 of the agency;”;

8 (B) by striking clause (iv) and inserting
9 the following:

10 “(v) require the agency to make other
11 arrangements acceptable to the Secretary
12 and in the best interests of the public
13 housing residents and families assisted
14 under section 8 for managing all, or part,
15 of the public housing administered by the
16 agency or of the programs of the agency.”;
17 and

18 (C) by inserting after clause (iii) the fol-
19 lowing:

20 “(iv) take possession of all or part of
21 the public housing agency, including all or
22 part of any project or program of the
23 agency, including any project or program
24 under any other provision of this title;
25 and”; and

1 (2) by striking subparagraphs (B) through (D)
2 and inserting the following:

3 “(B)(i) If a public housing agency is iden-
4 tified as troubled under this subsection, the
5 Secretary shall notify the agency of the troubled
6 status of the agency.

7 “(ii)(I) Upon the expiration of the 1-year
8 period beginning on the later of the date on
9 which the agency receives notice from the Sec-
10 retary of the troubled status of the agency
11 under clause (i) and the date of enactment of
12 the Public Housing Reform and Responsibility
13 Act of 1997, the Secretary shall—

14 “(aa) in the case of a troubled public
15 housing agency with 1,250 or more units,
16 petition for the appointment of a receiver
17 pursuant to subparagraph (A)(ii); or

18 “(bb) in the case of a troubled public
19 housing agency with fewer than 1,250
20 units, either petition for the appointment
21 of a receiver pursuant to subparagraph
22 (A)(ii), or take possession of the public
23 housing agency (including all or part of
24 any project or program of the agency) pur-
25 suant to subparagraph (A)(iv) and ap-

1 point, on a competitive or noncompetitive
2 basis, an individual or entity as an admin-
3 istrative receiver to assume the responsibil-
4 ities of the Secretary for the administra-
5 tion of all or part of the public housing
6 agency (including all or part of any project
7 or program of the agency).

8 “(II) During the period between the date
9 on which a petition is filed under item (aa) and
10 the date on which a receiver assumes respon-
11 sibility for the management of the public hous-
12 ing agency under that item, the Secretary may
13 take possession of the public housing agency
14 (including all or part of any project or program
15 of the agency) pursuant to subparagraph
16 (A)(iv) and may appoint, on a competitive or
17 noncompetitive basis, an individual or entity as
18 an administrative receiver to assume the re-
19 sponsibilities of the Secretary for the adminis-
20 tration of all or part of the public housing
21 agency (including all or part of any project or
22 program of the agency).

23 “(C) If a receiver is appointed pursuant to
24 subparagraph (A)(ii), in addition to the powers

1 accorded by the court appointing the receiver,
2 the receiver—

3 “(i) may abrogate any contract to
4 which the United States or an agency of
5 the United States is not a party that, in
6 the receiver’s written determination (which
7 shall include the basis for such determina-
8 tion), substantially impedes correction of
9 the substantial default, but only after the
10 receiver determines that reasonable efforts
11 to renegotiate such contract have failed;

12 “(ii) may demolish and dispose of all
13 or part of the assets of the public housing
14 agency (including all or part of any project
15 of the agency) in accordance with section
16 18, including disposition by transfer of
17 properties to resident-supported nonprofit
18 entities;

19 “(iii) if determined to be appropriate
20 by the Secretary, may seek the establish-
21 ment, as permitted by applicable State and
22 local law, of 1 or more new public housing
23 agencies;

24 “(iv) if determined to be appropriate
25 by the Secretary, may seek consolidation of

1 all or part of the agency (including all or
2 part of any project or program of the
3 agency), as permitted by applicable State
4 and local laws, into other well-managed
5 public housing agencies with the consent of
6 such well-managed agencies; and

7 “(v) shall not be required to comply
8 with any State or local law relating to civil
9 service requirements, employee rights (ex-
10 cept civil rights), procurement, or financial
11 or administrative controls that, in the re-
12 ceiver’s written determination (which shall
13 include the basis for such determination),
14 substantially impedes correction of the sub-
15 stantial default.

16 “(D)(i) If the Secretary takes possession of
17 all or part of the public housing agency, includ-
18 ing all or part of any project or program of the
19 agency, pursuant to subparagraph (A)(iv), the
20 Secretary—

21 “(I) may abrogate any contract to
22 which the United States or an agency of
23 the United States is not a party that, in
24 the written determination of the Secretary
25 (which shall include the basis for such de-

1 termination), substantially impedes correc-
2 tion of the substantial default, but only
3 after the Secretary determines that reason-
4 able efforts to renegotiate such contract
5 have failed;

6 “(II) may demolish and dispose of all
7 or part of the assets of the public housing
8 agency (including all or part of any project
9 of the agency) in accordance with section
10 18, including disposition by transfer of
11 properties to resident-supported nonprofit
12 entities;

13 “(III) may seek the establishment, as
14 permitted by applicable State and local
15 law, of 1 or more new public housing agen-
16 cies;

17 “(IV) may seek consolidation of all or
18 part of the agency (including all or part of
19 any project or program of the agency), as
20 permitted by applicable State and local
21 laws, into other well-managed public hous-
22 ing agencies with the consent of such well-
23 managed agencies;

24 “(V) shall not be required to comply
25 with any State or local law relating to civil

1 service requirements, employee rights (ex-
2 cept civil rights), procurement, or financial
3 or administrative controls that, in the Sec-
4 retary's written determination (which shall
5 include the basis for such determination),
6 substantially impedes correction of the sub-
7 stantial default; and

8 “(VI) shall, without any action by a
9 district court of the United States, have
10 such additional authority as a district
11 court of the United States would have the
12 authority to confer upon a receiver to
13 achieve the purposes of the receivership.

14 “(ii) If the Secretary, pursuant to subpara-
15 graph (B)(ii)(II), appoints an administrative re-
16 ceiver to assume the responsibilities of the Sec-
17 retary for the administration of all or part of
18 the public housing agency (including all or part
19 of any project or program of the agency), the
20 Secretary may delegate to the administrative re-
21 ceiver any or all of the powers given the Sec-
22 retary by this subparagraph, as the Secretary
23 determines to be appropriate.

24 “(iii) Regardless of any delegation under
25 this subparagraph, an administrative receiver

1 may not seek the establishment of 1 or more
2 new public housing agencies pursuant to clause
3 (i)(III) or the consolidation of all or part of an
4 agency into other well-managed agencies pursu-
5 ant to clause (i)(IV), unless the Secretary first
6 approves an application by the administrative
7 receiver to authorize such action.

8 “(E) The Secretary may make available to
9 receivers and other entities selected or ap-
10 pointed pursuant to this paragraph such assist-
11 ance as the Secretary determines in the discre-
12 tion of the Secretary is necessary and available
13 to remedy the substantial deterioration of living
14 conditions in individual public housing develop-
15 ments or other related emergencies that endan-
16 ger the health, safety, and welfare of public
17 housing residents or families assisted under sec-
18 tion 8. A decision made by the Secretary under
19 this paragraph is not subject to review in any
20 court of the United States, or in any court of
21 any State, territory, or possession of the United
22 States.

23 “(F) In any proceeding under subpara-
24 graph (A)(ii), upon a determination that a sub-
25 stantial default has occurred, and without re-

1 gard to the availability of alternative remedies,
2 the court shall appoint a receiver to conduct the
3 affairs of all or part of the public housing agen-
4 cy in a manner consistent with this Act and in
5 accordance with such further terms and condi-
6 tions as the court may provide. The receiver ap-
7 pointed may be another public housing agency,
8 a private management corporation, or any other
9 person or appropriate entity. The court shall
10 have power to grant appropriate temporary or
11 preliminary relief pending final disposition of
12 the petition by the Secretary.

13 “(G) The appointment of a receiver pursu-
14 ant to this paragraph may be terminated, upon
15 the petition of any party, when the court deter-
16 mines that all defaults have been cured or the
17 public housing agency is capable again of dis-
18 charging its duties.

19 “(H) If the Secretary (or an administrative
20 receiver appointed by the Secretary) takes pos-
21 session of a public housing agency (including all
22 or part of any project or program of the agen-
23 cy), or if a receiver is appointed by a court, the
24 Secretary or receiver shall be deemed to be act-
25 ing not in the official capacity of that person or

1 entity, but rather in the capacity of the public
 2 housing agency, and any liability incurred, re-
 3 gardless of whether the incident giving rise to
 4 that liability occurred while the Secretary or re-
 5 ceiver was in possession of all or part of the
 6 public housing agency (including all or part of
 7 any project or program of the agency), shall be
 8 the liability of the public housing agency.”.

9 (b) **APPLICABILITY.**—The provisions of, and duties
 10 and authorities conferred or confirmed by, the amend-
 11 ments made by subsection (a) shall apply with respect to
 12 any action taken before, on, or after the effective date of
 13 this Act and shall apply to any receiver appointed for a
 14 public housing agency before the date of enactment of this
 15 Act.

16 (c) **TECHNICAL CORRECTION REGARDING APPLICA-**
 17 **BILITY TO SECTION 8.**—Section 8(h) of the United States
 18 Housing Act of 1937 is amended by inserting “(except as
 19 provided in section 6(j)(3))” after “6”.

20 **SEC. 109. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

21 Section 6 of the United States Housing Act of 1937
 22 is amended by adding at the end the following:

23 “(s) **SITE-BASED WAITING LISTS.**—

24 “(1) **IN GENERAL.**—A public housing agency
 25 may establish, in accordance with guidelines estab-

1 lished by the Secretary, procedures for maintaining
 2 waiting lists for admissions to public housing devel-
 3 opments of the agency, which may include a system
 4 under which applicants may apply directly at or oth-
 5 erwise designate the development or developments in
 6 which they seek to reside.

7 “(2) CIVIL RIGHTS.—Any procedures estab-
 8 lished under paragraph (1) shall comply with title VI
 9 of the Civil Rights Act of 1964, the Fair Housing
 10 Act, and other applicable civil rights laws.

11 “(3) NOTICE REQUIRED.—Any system de-
 12 scribed in paragraph (1) shall provide for the full
 13 disclosure by the public housing agency to each ap-
 14 plicant of any option available to the applicant in the
 15 selection of the development in which to reside.”.

16 **SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING**
 17 **FUNDS.**

18 (a) IN GENERAL.—Section 9 of the United States
 19 Housing Act of 1937 (42 U.S.C. 1437g) is amended to
 20 read as follows:

21 **“SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING**
 22 **FUNDS.**

23 “(a) IN GENERAL.—Except for assistance provided
 24 under section 8 of this Act or as otherwise provided in
 25 the Public Housing Reform and Responsibility Act of

1 1997, all programs under which assistance is provided for
2 public housing under this Act on the day before October
3 1, 1998, shall be merged, as appropriate, into either—

4 “(1) the Capital Fund established under sub-
5 section (c); or

6 “(2) the Operating Fund established under sub-
7 section (d).

8 “(b) USE OF EXISTING FUNDS.—With the exception
9 of funds made available pursuant to section 8 or section
10 20(f) and funds made available for the urban revitalization
11 demonstration program authorized under the Department
12 of Veterans Affairs and Housing and Urban Development,
13 and Independent Agencies Appropriations Acts—

14 “(1) funds made available to the Secretary for
15 public housing purposes that have not been obligated
16 by the Secretary to a public housing agency as of
17 October 1, 1998, shall be made available, for the pe-
18 riod originally provided in law, for use in either the
19 Capital Fund or the Operating Fund, as appro-
20 priate; and

21 “(2) funds made available to the Secretary for
22 public housing purposes that have been obligated by
23 the Secretary to a public housing agency but that,
24 as of October 1, 1998, have not been obligated by
25 the public housing agency, may be made available by

1 that public housing agency, for the period originally
2 provided in law, for use in either the Capital Fund
3 or the Operating Fund, as appropriate.

4 “(c) CAPITAL FUND.—

5 “(1) IN GENERAL.—The Secretary shall estab-
6 lish a Capital Fund for the purpose of making as-
7 sistance available to public housing agencies to carry
8 out capital and management activities, including—

9 “(A) the development and modernization of
10 public housing projects, including the redesign,
11 reconstruction, and reconfiguration of public
12 housing sites and buildings and the develop-
13 ment of mixed-finance projects;

14 “(B) vacancy reduction;

15 “(C) addressing deferred maintenance
16 needs and the replacement of dwelling equip-
17 ment;

18 “(D) planned code compliance;

19 “(E) management improvements;

20 “(F) demolition and replacement;

21 “(G) resident relocation;

22 “(H) capital expenditures to facilitate pro-
23 grams to improve the empowerment and eco-
24 nomic self-sufficiency of public housing resi-
25 dents and to improve resident participation;

1 “(I) capital expenditures to improve the se-
2 curity and safety of residents; and

3 “(J) homeownership activities.

4 “(2) ESTABLISHMENT OF CAPITAL FUND FOR-
5 MULA.—The Secretary shall develop a formula for
6 providing assistance under the Capital Fund, which
7 may take into account—

8 “(A) the number of public housing dwell-
9 ing units owned or operated by the public hous-
10 ing agency and the percentage of those units
11 that are occupied by very low-income families;

12 “(B) if applicable, the reduction in the
13 number of public housing units owned or oper-
14 ated by the public housing agency as a result
15 of any conversion to a system of tenant-based
16 assistance;

17 “(C) the costs to the public housing agency
18 of meeting the rehabilitation and modernization
19 needs, and meeting the reconstruction, develop-
20 ment, replacement housing, and demolition
21 needs of public housing dwelling units owned
22 and operated by the public housing agency;

23 “(D) the degree of household poverty
24 served by the public housing agency;

1 “(E) the costs to the public housing agen-
 2 cy of providing a safe and secure environment
 3 in public housing units owned and operated by
 4 the public housing agency;

5 “(F) the ability of the public housing agen-
 6 cy to effectively administer the Capital Fund
 7 distribution of the public housing agency; and

8 “(G) any other factors that the Secretary
 9 determines to be appropriate.

10 “(3) CONDITION ON USE OF THE CAPITAL
 11 FUND FOR DEVELOPMENT AND MODERNIZATION.—

12 “(A) DEVELOPMENT.—Any public housing
 13 developed using amounts provided under this
 14 subsection shall be operated for a 40-year pe-
 15 riod under the terms and conditions applicable
 16 to public housing during that period, beginning
 17 on the date on which the development (or stage
 18 of development) becomes available for occu-
 19 pancy.

20 “(B) MODERNIZATION.—Any public hous-
 21 ing, or portion thereof, that is modernized using
 22 amounts provided under this subsection shall be
 23 maintained and operated for a 20-year period
 24 under the terms and conditions applicable to
 25 public housing during that period, beginning on

1 the latest date on which modernization is com-
 2 pleted.

3 “(C) APPLICABILITY OF LATEST EXPIRA-
 4 TION DATE.—Public housing subject to this
 5 paragraph or to any other provision of law
 6 mandating the operation of the housing as pub-
 7 lic housing or under the terms and conditions
 8 applicable to public housing for a specified
 9 length of time shall be maintained and operated
 10 as required until the latest expiration date.

11 “(d) OPERATING FUND.—

12 “(1) IN GENERAL.—The Secretary shall estab-
 13 lish an Operating Fund for the purpose of making
 14 assistance available to public housing agencies for
 15 the operation and management of public housing,
 16 including—

17 “(A) procedures and systems to maintain
 18 and ensure the efficient management and oper-
 19 ation of public housing units (including
 20 amounts sufficient to pay for the reasonable
 21 costs of review by an independent auditor of the
 22 documentation or other information maintained
 23 pursuant to section 6(j)(5) by a public housing
 24 agency or resident management corporation to

1 substantiate the performance of that agency or
2 corporation);

3 “(B) activities to ensure a program of rou-
4 tine preventative maintenance;

5 “(C) antierime and antidrug activities, in-
6 cluding the costs of providing adequate security
7 for public housing residents;

8 “(D) activities related to the provision of
9 services, including service coordinators for el-
10 derly persons or persons with disabilities;

11 “(E) activities to provide for management
12 and participation in the management and pol-
13 icymaking of public housing by public housing
14 residents;

15 “(F) the costs associated with the oper-
16 ation and management of mixed-finance
17 projects, to the extent appropriate (including
18 the funding of an operating reserve to ensure
19 affordability for low-income and very low-in-
20 come families in lieu of the availability of oper-
21 ating funds for public housing units in a mixed-
22 finance project);

23 “(G) the reasonable costs of insurance;

1 “(H) the reasonable energy costs associ-
2 ated with public housing units, with an empha-
3 sis on energy conservation; and

4 “(I) the costs of administering a public
5 housing work program under section 12, includ-
6 ing the costs of any related insurance needs.

7 “(2) ESTABLISHMENT OF OPERATING FUND
8 FORMULA.—The Secretary shall establish a formula
9 for providing assistance under the Operating Fund,
10 which may take into account—

11 “(A) standards for the costs of operation
12 and reasonable projections of income, taking
13 into account the character and location of the
14 public housing project and characteristics of the
15 families served, or the costs of providing com-
16 parable services as determined with criteria or
17 a formula representing the operations of a pro-
18 totype well-managed public housing project;

19 “(B) the number of public housing dwell-
20 ing units owned and operated by the public
21 housing agency, the percentage of those units
22 that are occupied by very low-income families,
23 and, if applicable, the reduction in the number
24 of public housing units as a result of any con-
25 version to a system of tenant-based assistance;

1 “(C) the degree of household poverty
2 served by a public housing agency;

3 “(D) the extent to which the public hous-
4 ing agency provides programs and activities de-
5 signed to promote the economic self-sufficiency
6 and management skills of public housing resi-
7 dents;

8 “(E) the number of dwelling units owned
9 and operated by the public housing agency that
10 are chronically vacant and the amount of assist-
11 ance appropriate for those units;

12 “(F) the costs of the public housing agency
13 associated with anticrime and antidrug activi-
14 ties, including the costs of providing adequate
15 security for public housing residents;

16 “(G) the ability of the public housing agen-
17 cy to effectively administer the Operating Fund
18 distribution of the public housing agency; and

19 “(H) any other factors that the Secretary
20 determines to be appropriate.

21 “(e) LIMITATIONS ON USE OF FUNDS.—

22 “(1) IN GENERAL.—Each public housing agen-
23 cy may use not more than 20 percent of the Capital
24 Fund distribution of the public housing agency for
25 activities that are eligible for assistance under the

1 Operating Fund under subsection (d), if the public
2 housing agency plan provides for such use.

3 “(2) NEW CONSTRUCTION.—

4 “(A) IN GENERAL.—A public housing
5 agency may not use any of the Capital Fund or
6 Operating Fund distributions of the public
7 housing agency for the purpose of constructing
8 any public housing unit, if such construction
9 would result in a net increase in the number of
10 public housing units owned or operated by the
11 public housing agency on the date of enactment
12 of the Public Housing Reform and Responsibil-
13 ity Act of 1997, including any public housing
14 units demolished as part of any revitalization
15 effort.

16 “(B) EXCEPTION.—

17 “(i) IN GENERAL.—Notwithstanding
18 subparagraph (A), a public housing agency
19 may use the Capital Fund or Operating
20 Fund distributions of the public housing
21 agency for the construction and operation
22 of housing units that are available and af-
23 fordable to low-income families in excess of
24 the limitations on new construction set
25 forth in subparagraph (A), except that the

formulas established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.

“(ii) EXCEPTION.—Notwithstanding clause (i), subject to reasonable limitations set by the Secretary, the formulae established under subsections (c)(2) and (d)(2) may provide additional funding for the operation and modernization costs (but not the initial development costs) of housing in excess of amounts otherwise permitted under this paragraph if—

“(I) those units are part of a mixed-finance project or otherwise leverage significant additional private or public investment; and

“(II) the estimated cost of the useful life of the project is less than the estimated cost of providing tenant-based assistance under section 8(o) for the same period of time.

“(f) DIRECT PROVISION OF OPERATING AND CAPITAL ASSISTANCE.—

1 “(1) IN GENERAL.—The Secretary shall directly
2 provide operating and capital assistance under this
3 section to a resident management corporation man-
4 aging a public housing development pursuant to a
5 contract under this section, but only if—

6 “(A) the resident management corporation
7 petitions the Secretary for the release of the
8 funds

9 “(B) the contract provides for the resident
10 management corporation to assume the primary
11 management responsibilities of the public hous-
12 ing agency; and

13 “(C) the Secretary determines that the
14 corporation has the capability to effectively dis-
15 charge such responsibilities.

16 “(2) USE OF ASSISTANCE.—Any operating and
17 capital assistance provided to a resident manage-
18 ment corporation pursuant to this subsection shall
19 be used for purposes of operating the public housing
20 developments of the agency and performing such
21 other eligible activities with respect to public housing
22 as may be provided under the contract.

23 “(3) RESPONSIBILITY OF PUBLIC HOUSING
24 AGENCY.—If the Secretary provides direct funding
25 to a resident management corporation under this

1 subsection, the public housing agency shall not be
2 responsible for the actions of the resident manage-
3 ment corporation.

4 “(g) TECHNICAL ASSISTANCE.—To the extent ap-
5 proved in advance in appropriations Acts, the Secretary
6 may make grants or enter into contracts in accordance
7 with this subsection for purposes of providing, either di-
8 rectly or indirectly—

9 “(1) technical assistance to public housing
10 agencies, resident councils, resident organizations,
11 and resident management corporations, including as-
12 sistance relating to monitoring and inspections;

13 “(2) training for public housing agency employ-
14 ees and residents;

15 “(3) data collection and analysis; and

16 “(4) training, technical assistance, and edu-
17 cation to assist public housing agencies that are—

18 “(A) at risk of being designated as trou-
19 bled under section 6(j) from being so des-
20 ignated; and

21 “(B) designated as troubled under section
22 6(j) in achieving the removal of that designa-
23 tion.

24 “(h) EMERGENCY RESERVE.—

25 “(1) IN GENERAL.—

1 “(A) SET-ASIDE.—In each fiscal year, the
 2 Secretary shall set aside not more than 2 per-
 3 cent of the amount made available for use
 4 under the capital fund to carry out this section
 5 for that fiscal year for use in accordance with
 6 this subsection.

7 “(B) USE OF FUNDS.—Amounts set aside
 8 under this paragraph shall be available to the
 9 Secretary for use in connection with—

10 “(i) emergencies and other disasters;
 11 “(ii) housing needs resulting from any
 12 settlement of litigation; and
 13 “(iii) the Operation Safe Home pro-
 14 gram, except that amounts set aside under
 15 this clause may not exceed \$10,000,000 in
 16 any fiscal year.

17 “(2) LIMITATION.—With respect to any fiscal
 18 year, the Secretary may carry over not more than a
 19 total of \$25,000,000 in unobligated amounts set
 20 aside under this subsection for use in connection
 21 with the activities described in paragraph (1)(B)
 22 during the succeeding fiscal year.

23 “(3) REPORTS.—The Secretary and the Office
 24 of Inspector General shall report to the Committee
 25 on Banking, Housing, and Urban Affairs of the Sen-

1 ate and the Committee on Banking and Financial
 2 Services of the House of Representatives regarding
 3 the feasibility of transferring the authority to admin-
 4 ister the program functions implemented to reduce
 5 violent crime in public housing under Operation Safe
 6 Home to the Office of Public and Indian Housing or
 7 to the Department of Justice.

8 “(4) PUBLICATION.—The Secretary shall pub-
 9 lish the use of any amounts allocated under this sub-
 10 section relating to emergencies (other disasters and
 11 housing needs resulting from any settlement of liti-
 12 gation) in the Federal Register.

13 “(5) ELIGIBLE USES.—In carrying out this
 14 subsection, the Secretary may use amounts set aside
 15 under this subsection for—

16 “(A) any eligible use under the Operating
 17 Fund or the Capital Fund established by this
 18 section; or

19 “(B) the provision of tenant-based assist-
 20 ance in accordance with section 8.

21 “(i) PENALTY FOR SLOW EXPENDITURE OF CAPITAL
 22 FUNDS.—

23 “(1) IN GENERAL.—

24 “(A) TIME PERIOD.—Except as provided
 25 in paragraph (2), and subject to subparagraph

1 (B) of this paragraph, a public housing agency
2 shall obligate any assistance received under this
3 section not later than 24 months after, as
4 applicable—

5 “(i) the date on which the funds be-
6 come available to the agency for obligation
7 in the case of modernization; or

8 “(ii) the date on which the agency ac-
9 cumulates adequate funds to undertake
10 comprehensive modernization, substantial
11 rehabilitation, or new construction of units.

12 “(B) EXTENSION OF TIME PERIOD.—The
13 Secretary—

14 “(i) may, extend the time period de-
15 scribed in subparagraph (A) , for such pe-
16 riod of time as the Secretary determines to
17 be necessary, if the Secretary determines
18 that the failure of the public housing agen-
19 cy to obligate assistance in a timely man-
20 ner is attributable to—

21 “(I) litigation;

22 “(II) obtaining approvals of a
23 Federal, State, or local government;

1 “(III) complying with environ-
2 mental assessment and abatement re-
3 quirements;

4 “(IV) relocating residents;

5 “(V) an event beyond the control
6 of the public housing agency; or

7 “(VI) any other reason estab-
8 lished by the Secretary by notice pub-
9 lished in the Federal Register;

10 “(ii) shall disregard the requirements
11 of subparagraph (A) with respect to any
12 unobligated amounts made available to a
13 public housing agency, to the extent that
14 the total of those amounts does not exceed
15 10 percent of the original amount made
16 available to the public housing agency; and

17 “(iii) may, with the prior approval of
18 the Secretary, extend the period of time
19 described in subparagraph (A), for an ad-
20 ditional period not to exceed 12 months,
21 based on—

22 “(I) the size of the public hous-
23 ing agency;

24 “(II) the complexity of capital
25 program of the public housing agency;

1 “(III) any limitation on the abil-
2 ity of the public housing agency to ob-
3 ligate the Capital Fund distributions
4 of the public housing agency in a
5 timely manner as a result of State or
6 local law; or

7 “(IV) such other factors as the
8 Secretary determines to be relevant.

9 “(C) EFFECT OF FAILURE TO COMPLY.—

10 “(i) IN GENERAL.—A public housing
11 agency shall not be awarded assistance
12 under this section for any month during
13 any fiscal year in which the public housing
14 agency has funds unobligated in violation
15 of subparagraph (A) or (B).

16 “(ii) EFFECT OF FAILURE TO COM-
17 PLY.—During any fiscal year described in
18 clause (i), the Secretary shall withhold all
19 assistance that would otherwise be pro-
20 vided to the public housing agency. If the
21 public housing agency cures its default
22 during the year, it shall be provided with
23 the share attributable to the months re-
24 maining in the year.

1 “(iii) REDISTRIBUTION.—The total
 2 amount of any funds not provided public
 3 housing agencies by operation of this sub-
 4 paragraph shall be distributed to high-per-
 5 forming agencies, as determined under sec-
 6 tion 6(j).

7 “(2) EXCEPTION.—

8 “(A) IN GENERAL.—Subject to subpara-
 9 graph (B), if the Secretary has consented, be-
 10 fore the date of enactment of the Public Hous-
 11 ing Reform and Responsibility Act of 1997, to
 12 an obligation period for any agency longer than
 13 provided under paragraph (1)(A), a public
 14 housing agency that obligates its funds before
 15 the expiration of that period shall not be con-
 16 sidered to be in violation of paragraph (1)(A).

17 “(B) FISCAL YEAR 1995.—Notwithstanding
 18 subparagraph (A)—

19 “(i) any funds appropriated to a pub-
 20 lic housing agency for fiscal year 1995, or
 21 for any preceding fiscal year, shall be fully
 22 obligated by the public housing agency not
 23 later than September 30, 1998; and

24 “(ii) any funds appropriated to a pub-
 25 lic housing agency for fiscal year 1996 or

1 1997 shall be fully obligated by the public
 2 housing agency not later than September
 3 30, 1999.

4 “(3) EXPENDITURE OF AMOUNTS.—

5 “(A) IN GENERAL.—A public housing
 6 agency shall spend any assistance received
 7 under this section not later than 4 years (plus
 8 the period of any extension approved by the
 9 Secretary under paragraph (1)(B)) after the
 10 date on which funds become available to the
 11 agency for obligation.

12 “(B) ENFORCEMENT.—The Secretary shall
 13 enforce the requirement of subparagraph (A)
 14 through default remedies up to and including
 15 withdrawal of the funding.

16 “(4) RIGHT OF RECAPTURE.—Any obligation
 17 entered into by a public housing agency shall be sub-
 18 ject to the right of the Secretary to recapture the
 19 obligated amounts for violation by the public housing
 20 agency of the requirements of this subsection.”.

21 (b) IMPLEMENTATION; EFFECTIVE DATE; TRANSI-
 22 TION PERIOD.—

23 (1) IMPLEMENTATION.—Not later than 1 year
 24 after the date of enactment of this Act, in accord-
 25 ance with the negotiated rulemaking procedures set

1 forth in subchapter III of chapter 5 of title 5,
2 United States Code, the Secretary shall establish the
3 formulas described in subsections (c)(3) and (d)(2)
4 of section 9 of the United States Housing Act of
5 1937, as amended by this section.

6 (2) EFFECTIVE DATE.—The formulas estab-
7 lished under paragraph (1) shall be effective only
8 with respect to amounts made available under sec-
9 tion 9 of the United States Housing Act of 1937, as
10 amended by this section, in fiscal year 1999 or in
11 any succeeding fiscal year.

12 (3) TRANSITION PERIOD.—

13 (A) IN GENERAL.—Subject to subpara-
14 graph (B), prior to the effective date described
15 in paragraph (2), the Secretary shall provide
16 that each public housing agency shall receive
17 funding under sections 9 and 14 of the United
18 States Housing Act of 1937, as those sections
19 existed on the day before the date of enactment
20 of this Act.

21 (B) QUALIFICATION.—If a public housing
22 agency establishes a rental amount that is less
23 than 30 percent of the monthly adjusted income
24 of the family under section 3(a)(1)(A) of the
25 United States Housing Act of 1937 (as amend-

1 ed by section 103(a) of this Act), or a rental
 2 amount that is based on an adjustment to in-
 3 come under section 3(b)(5)(E) (as amended by
 4 section 104(a)(2) of this Act), the Secretary
 5 shall not take into account any reduction of or
 6 increase in the per unit dwelling rental income
 7 of the public housing agency resulting from the
 8 use of that rental amount in calculating the
 9 contributions for the public housing agency for
 10 the operation of the public housing under sec-
 11 tion 9 of the United States Housing Act of
 12 1937 (as in existence on the day before the date
 13 of enactment of this Act).

14 **SEC. 111. COMMUNITY SERVICE AND SELF-SUFFICIENCY.**

15 Section 12 of the United States Housing Act of 1937
 16 (42 U.S.C. 1437j) is amended by adding at the end the
 17 following:

18 “(c) COMMUNITY SERVICE AND SELF-SUFFICIENCY
 19 REQUIREMENT.—

20 “(1) MINIMUM REQUIREMENT.—Notwithstand-
 21 ing any other provision of law, each adult resident
 22 of a public housing project shall—

23 “(A) contribute not less than 8 hours per
 24 month of community service (not to include any

1 political activity) within the community in
 2 which that adult resides; or

3 “(B) participate in a self-sufficiency pro-
 4 gram (as that term is defined in subsection
 5 (d)(1)) for not less than 8 hours per month.

6 “(2) INCLUSION IN PLAN.—Each public housing
 7 agency shall include in the public housing agency
 8 plan a detailed description of the manner in which
 9 the public housing agency intends to implement and
 10 administer paragraph (1).

11 “(3) EXEMPTIONS.—The Secretary may provide
 12 an exemption from paragraph (1) for any adult
 13 who—

14 “(A) has attained age 62;

15 “(B) is a blind or disabled individual, as
 16 defined under section 216(i)(1) or 1614 of the
 17 Social Security Act (42 U.S.C. 416(i)(1);
 18 1382c) and who is unable to comply with this
 19 section, or a primary caretaker of that individ-
 20 ual;

21 “(C) is engaged in a work activity (as that
 22 term is defined in subsection (d)(1)(C)); or

23 “(D) meets the requirements for being ex-
 24 empted from having to engage in a work activ-
 25 ity under the State program funded under part

1 A of title IV of the Social Security Act (42
2 U.S.C. 601 et seq.) or under any other welfare
3 program of the State in which the public hous-
4 ing agency is located.

5 “(4) GEOGRAPHIC LOCATION; PROHIBITION
6 AGAINST REPLACEMENT OF EMPLOYEES.—

7 “(A) GEOGRAPHIC LOCATION.—The re-
8 quirement described in paragraph (1) may in-
9 clude community service or participation in a
10 self-sufficiency program performed at a location
11 not owned by the public housing agency.

12 “(B) PROHIBITION AGAINST REPLACE-
13 MENT OF EMPLOYEES.—In carrying out this
14 subsection, a public housing agency may not—

15 “(i) substitute community service or
16 participation in a self-sufficiency program,
17 as described in paragraph (1), for work
18 performed by a public housing employee;
19 or

20 “(ii) supplant a job at any location at
21 which community work requirements under
22 section 111 are fulfilled.

23 “(d) SELF-SUFFICIENCY.—

24 “(1) DEFINITIONS.—In this section—

1 “(A) the term ‘covered family’ means a
2 family that—

3 “(i) receives benefits for welfare or
4 public assistance from a State or other
5 public agency under a program for which
6 the Federal, State, or local law relating to
7 the program requires, as a condition of eli-
8 gibility for assistance under the program,
9 participation of a member of the family in
10 a self-sufficiency program; and

11 “(ii) resides in a public housing dwell-
12 ing unit or is provided tenant-based assist-
13 ance;

14 “(B) the term ‘self-sufficiency program’
15 means any program designed to encourage, as-
16 sist, train, or facilitate the economic independ-
17 ence of participants and their families or to
18 provide work for participants, including pro-
19 grams for job training, employment counseling,
20 work placement, basic skills training, education,
21 workfare and apprenticeship; and

22 “(C) the term ‘work activities’ has the
23 meaning given that term in section 407(d) of
24 the Social Security Act (42 U.S.C. 607(d)) (as
25 in effect on and after July 1, 1997).

1 “(2) COMPLIANCE.—

2 “(A) SANCTIONS.—Notwithstanding any
3 other provision of law, if the welfare or public
4 assistance benefits of a covered family are re-
5 duced under a Federal, State, or local law re-
6 garding such an assistance program because of
7 any failure of any member of the family to com-
8 ply with the conditions under the assistance
9 program requiring participation in a self-suffi-
10 ciency program or a work activities require-
11 ment, or because of an act of fraud by any
12 member of the family under the law or pro-
13 gram, the amount required to be paid by the
14 family as a monthly contribution toward rent
15 may not be decreased, during the period of the
16 reduction, as a result of any decrease in the in-
17 come of the family (to the extent that the de-
18 crease in income is a result of the benefits re-
19 duction).

20 “(B) REVIEW.—Any covered family that is
21 affected by the operation of this paragraph
22 shall have the right to review the determination
23 under this paragraph through the administra-
24 tive grievance procedure for the public housing
25 agency.

1 “(C) NOTICE.—Subparagraph (A) shall
2 not apply to any covered family before the pub-
3 lic housing agency providing assistance under
4 this Act on behalf of the family obtains written
5 notification from the relevant welfare or public
6 assistance agency specifying that the family’s
7 benefits have been reduced because of non-
8 compliance with self-sufficiency program or an
9 applicable work activities requirement and the
10 level of such reduction.

11 “(D) NO APPLICATION OF REDUCTIONS
12 BASED ON TIME LIMIT FOR ASSISTANCE.—For
13 purposes of this paragraph, a reduction in bene-
14 fits as a result of the expiration of a lifetime
15 time limit for a family receiving welfare or pub-
16 lic assistance benefits shall not be considered to
17 be a failure to comply with the conditions under
18 the assistance program requiring participation
19 in a self-sufficiency program or a work activi-
20 ties requirement.

21 “(3) OCCUPANCY RIGHTS.—This subsection
22 may not be construed to authorize any public hous-
23 ing agency to limit the duration of tenancy in a pub-
24 lic housing dwelling unit or of tenant-based assist-
25 ance.

1 “(4) COOPERATION AGREEMENTS FOR SELF-
2 SUFFICIENCY ACTIVITIES.—

3 “(A) REQUIREMENT.—To the maximum
4 extent practicable, a public housing agency pro-
5 viding public housing dwelling units or tenant-
6 based assistance for covered families shall enter
7 into such cooperation agreements, with State,
8 local, and other agencies providing assistance to
9 covered families under welfare or public assist-
10 ance programs, as may be necessary, to provide
11 for such agencies to transfer information to fa-
12 cilitate administration of subsection (c) or para-
13 graph (2) of this subsection, and other informa-
14 tion regarding rents, income, and assistance
15 that may assist a public housing agency or wel-
16 fare or public assistance agency in carrying out
17 its functions.

18 “(B) CONTENTS.—A public housing agen-
19 cy shall seek to include in a cooperation agree-
20 ment under this paragraph requirements and
21 provisions designed to target assistance under
22 welfare and public assistance programs to fami-
23 lies residing in public and other assisted hous-
24 ing developments, which may include providing
25 for self-sufficiency services within such housing,

1 providing for services designed to meet the
 2 unique employment-related needs of residents of
 3 such housing, providing for placement of
 4 workfare positions on-site in such housing, and
 5 such other elements as may be appropriate.

6 “(C) CONFIDENTIALITY.—This paragraph
 7 may not be construed to authorize any release
 8 of information that is prohibited by, or in con-
 9 travention of, any other provision of Federal,
 10 State, or local law.”.

11 **SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA**
 12 **AND JOINT VENTURES.**

13 Section 13 of the United States Housing Act of 1937
 14 (42 U.S.C. 1437k) is amended to read as follows:

15 **“SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND**
 16 **SUBSIDIARIES OF PUBLIC HOUSING AGEN-**
 17 **CIES.**

18 “(a) CONSORTIA.—

19 “(1) IN GENERAL.—Any 2 or more public hous-
 20 ing agencies may participate in a consortium for the
 21 purpose of administering any or all of the housing
 22 programs of those public housing agencies in accord-
 23 ance with this section.

24 “(2) EFFECT.—With respect to any consortium
 25 described in paragraph (1)—

1 “(A) any assistance made available under
2 this title to each of the public housing agencies
3 participating in the consortium shall be paid to
4 the consortium; and

5 “(B) all planning and reporting require-
6 ments imposed upon each public housing agency
7 participating in the consortium with respect to
8 the programs operated by the consortium shall
9 be consolidated.

10 “(3) RESTRICTIONS.—

11 “(A) AGREEMENT.—Each consortium de-
12 scribed in paragraph (1) shall be formed and
13 operated in accordance with a consortium
14 agreement, and shall be subject to the require-
15 ments of a joint public housing agency plan,
16 which shall be submitted by the consortium in
17 accordance with section 5A.

18 “(B) MINIMUM REQUIREMENTS.—The Sec-
19 retary shall specify minimum requirements re-
20 lating to the formation and operation of consor-
21 tia and the minimum contents of consortium
22 agreements under this paragraph.

23 “(b) JOINT VENTURES.—

1 “(1) IN GENERAL.—Notwithstanding any other
2 provision of law, a public housing agency, in accord-
3 ance with the public housing agency plan, may—

4 “(A) form and operate wholly owned or
5 controlled subsidiaries (which may be nonprofit
6 corporations) and other affiliates, any of which
7 may be directed, managed, or controlled by the
8 same persons who constitute the board of com-
9 missioners or other similar governing body of
10 the public housing agency, or who serve as em-
11 ployees or staff of the public housing agency; or

12 “(B) enter into joint ventures, partner-
13 ships, or other business arrangements with, or
14 contract with, any person, organization, entity,
15 or governmental unit—

16 “(i) with respect to the administration
17 of the programs of the public housing
18 agency, including any program that is sub-
19 ject to this title; or

20 “(ii) for the purpose of providing or
21 arranging for the provision of supportive
22 or social services.

23 “(2) USE OF AND TREATMENT INCOME.—Any
24 income generated under paragraph (1)—

1 “(A) shall be used for low-income housing
2 or to benefit the residents of the public housing
3 agency; and

4 “(B) shall not result in any decrease in
5 any amount provided to the public housing
6 agency under this title.

7 “(3) AUDITS.—The Comptroller General of the
8 United States, the Secretary, and the Inspector Gen-
9 eral of the Department of Housing and Urban De-
10 velopment may conduct an audit of any activity un-
11 dertaken under paragraph (1) at any time.”.

12 **SEC. 113. REPEAL OF MODERNIZATION FUND.**

13 (a) IN GENERAL.—Section 14 of the United States
14 Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

15 (b) CONFORMING AMENDMENTS.—The United States
16 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
17 amended—

18 (1) in section 5(c)(5), by striking “for use
19 under section 14 or”;

20 (2) in section 5(c)(7)—

21 (A) in subparagraph (A)—

22 (i) by striking clause (iii); and

23 (ii) by redesignating clauses (iv)
24 through (x) as clauses (iii) through (ix),
25 respectively; and

1 (B) in subparagraph (B)—

2 (i) by striking clause (iii); and

3 (ii) by redesignating clauses (iv)
4 through (x) as clauses (iii) through (ix),
5 respectively;

6 (3) in section 6(j)(1)—

7 (A) by striking subparagraph (B); and

8 (B) by redesignating subparagraphs (C)
9 through (H) as subparagraphs (B) through (G),
10 respectively;

11 (4) in section 6(j)(2)(A)—

12 (A) in clause (i), by striking “The Sec-
13 retary shall also designate,” and all that follows
14 through the period at the end; and

15 (B) in clause (iii), by striking “(including
16 designation as a troubled agency for purposes
17 of the program under section 14)”;

18 (5) in section 6(j)(2)(B)—

19 (A) in clause (i), by striking “and deter-
20 mining that an assessment under this subpara-
21 graph will not duplicate any review conducted
22 under section 14(p)”;

23 (B) in clause (ii)—

24 (i) by striking “(I) the agency’s com-
25 prehensive plan prepared pursuant to sec-

1 tion 14 adequately and appropriately ad-
 2 dresses the rehabilitation needs of the
 3 agency’s inventory, (II)” and inserting
 4 “(I)”; and

5 (ii) by striking “(III)” and inserting
 6 “(II)”;

7 (6) in section 6(j)(3)—

8 (A) in clause (ii), by adding “and” at the
 9 end;

10 (B) by striking clause (iii); and

11 (C) by redesignating clause (iv) as clause
 12 (iii);

13 (7) in section 6(j)(4)—

14 (A) in subparagraph (D), by adding “and”
 15 at the end;

16 (B) in subparagraph (E), by striking “;
 17 and” at the end and inserting a period; and

18 (C) by striking subparagraph (F);

19 (8) in section 20—

20 (A) by striking subsection (c) and inserting
 21 the following:

22 “(c) [Reserved.]”; and

23 (B) by striking subsection (f) and inserting
 24 the following:

25 “(f) [Reserved.]”;

1 (9) in section 21(a)(2)—

2 (A) by striking subparagraph (A); and

3 (B) by redesignating subparagraphs (B)

4 and (C) as subparagraphs (A) and (B), respec-

5 tively;

6 (10) in section 21(a)(3)(A)(v), by striking “the

7 building or buildings meet the minimum safety and

8 livability standards applicable under section 14,

9 and”;

10 (11) in section 25(b)(1), by striking “From

11 amounts reserved” and all that follows through “the

12 Secretary may” and inserting the following: “To the

13 extent approved in appropriations Acts, the Sec-

14 retary may”;

15 (12) in section 25(e)(2)—

16 (A) by striking “The Secretary” and in-

17 serting “To the extent approved in appropria-

18 tions Acts, the Secretary”; and

19 (B) by striking “available annually from

20 amounts under section 14”;

21 (13) in section 25(e), by striking paragraph (3);

22 (14) in section 25(f)(2)(G)(i), by striking “in-

23 cluding—” and all that follows through “an expla-

24 nation” and inserting “including an explanation”;

1 (15) in section 25(i)(1), by striking the second
 2 sentence; and

3 (16) in section 202(b)(2)—

4 (A) by striking “(b) FINANCIAL ASSIST-
 5 ANCE.—” and all that follows through “The
 6 Secretary may,” and inserting the following:

7 “(b) FINANCIAL ASSISTANCE.—The Secretary may”;

8 and

9 (B) by striking paragraph (2).

10 **SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 11 **ING.**

12 Section 16 of the United States Housing Act of 1937
 13 (42 U.S.C. 1437n) is amended to read as follows:

14 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 15 **ING.**

16 “(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

17 “(1) IN GENERAL.—Of the dwelling units of a
 18 public housing agency, including public housing
 19 units in a designated mixed-finance project, made
 20 available for occupancy in any fiscal year of the pub-
 21 lic housing agency—

22 “(A) not less than 40 percent shall be oc-
 23 cupied by families whose incomes do not exceed
 24 30 percent of the area median income for those
 25 families;

1 “(B) not less than 70 percent shall be oc-
 2 cupied by families whose incomes do not exceed
 3 60 percent of the area median income for those
 4 families; and

5 “(C) any remaining dwelling units may be
 6 made available for families whose incomes do
 7 not exceed 80 percent of the area median in-
 8 come for those families.

9 “(2) ESTABLISHMENT OF DIFFERENT STAND-
 10 ARDS.—Notwithstanding paragraph (1), if approved
 11 by the Secretary, a public housing agency, in accord-
 12 ance with the public housing agency plan, may for
 13 good cause establish and implement an admission
 14 standard other than the standard described in para-
 15 graph (1).

16 “(3) PROHIBITION OF CONCENTRATION OF
 17 LOW-INCOME FAMILIES.—A public housing agency
 18 may not, in complying with the requirements under
 19 paragraph (1), concentrate very low-income families
 20 (or other families with relatively low incomes) in
 21 public housing dwelling units in certain public hous-
 22 ing developments or certain buildings within develop-
 23 ments.

24 “(4) MIXED-INCOME HOUSING STANDARD.—
 25 Each public housing agency plan submitted by a

1 public housing agency shall include a plan for
2 achieving a diverse income mix among residents in
3 each public housing project of the public housing
4 agency and among the scattered site public housing
5 of the public housing agency.

6 “(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED
7 HOUSING.—

8 “(1) TENANT-BASED ASSISTANCE.—Of the
9 dwelling units receiving tenant-based assistance
10 under section 8 made available for occupancy in any
11 fiscal year of the public housing agency—

12 “(A) not less than 65 percent shall be oc-
13 cupied by families whose incomes do not exceed
14 30 percent of the area median income for those
15 families;

16 “(B) not less than 90 percent shall be oc-
17 cupied by families whose incomes do not exceed
18 60 percent of the area median income for those
19 families; and

20 “(C) any remaining dwelling units may be
21 made available for families whose incomes do
22 not exceed 80 percent of the area median in-
23 come for those families.

24 “(2) ESTABLISHMENT OF DIFFERENT STAND-
25 ARDS.—Notwithstanding paragraph (1), if approved

1 by the Secretary, a public housing agency, in accord-
 2 ance with the public housing agency plan, may for
 3 good cause establish and implement an admission
 4 standard other than the standard described in para-
 5 graph (1).

6 “(3) PROJECT-BASED ASSISTANCE.—Of the
 7 total number of dwelling units in a project receiving
 8 assistance under section 8, other than assistance de-
 9 scribed in paragraph (1), that are made available for
 10 occupancy by eligible families in any year (as deter-
 11 mined by the Secretary)—

12 “(A) not less than 40 percent shall be oc-
 13 cupied by families whose incomes do not exceed
 14 30 percent of the area median income;

15 “(B) not less than 70 percent shall be oc-
 16 cupied by families whose incomes do not exceed
 17 60 percent of the area median income; and

18 “(C) any remaining dwelling units may be
 19 made available for families whose incomes do
 20 not exceed 80 percent of the area median in-
 21 come for those families.

22 “(c) DEFINITION OF AREA MEDIAN INCOME.—In
 23 this section, the term ‘area median income’ means the me-
 24 dian income of an area, as determined by the Secretary,
 25 with adjustments for smaller and larger families, except

1 that the Secretary may establish income ceilings higher
 2 or lower than the percentages specified in subsections (a)
 3 and (b) if the Secretary determines that such variations
 4 are necessary because of unusually high or low family in-
 5 comes.”.

6 **SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 7 **ING.**

8 (a) IN GENERAL.—Section 18 of the United States
 9 Housing Act of 1937 (42 U.S.C. 1437p) is amended to
 10 read as follows:

11 **“SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 12 **ING.**

13 “(a) APPLICATIONS FOR DEMOLITION AND DISPOSI-
 14 TION.—Except as provided in subsection (b), not later
 15 than 60 days after receiving an application by a public
 16 housing agency for authorization, with or without financial
 17 assistance under this title, to demolish or dispose of a pub-
 18 lic housing project or a portion of a public housing project
 19 (including any transfer to a resident-supported nonprofit
 20 entity), the Secretary shall approve the application, if the
 21 public housing agency certifies—

22 “(1) in the case of—

23 “(A) an application proposing demolition
 24 of a public housing project or a portion of a
 25 public housing project, that—

1 “(i) the project or portion of the pub-
2 lic housing project is obsolete as to phys-
3 ical condition, location, or other factors,
4 making it unsuitable for housing purposes;
5 and

6 “(ii) no reasonable program of modi-
7 fications is cost-effective to return the pub-
8 lic housing project or portion of the project
9 to useful life; and

10 “(B) an application proposing the demoli-
11 tion of only a portion of a public housing
12 project, that the demolition will help to assure
13 the viability of the remaining portion of the
14 project;

15 “(2) in the case of an application proposing dis-
16 position of a public housing project or other real
17 property subject to this title by sale or other trans-
18 fer, that—

19 “(A) the retention of the property is not in
20 the best interests of the residents or the public
21 housing agency because—

22 “(i) conditions in the area surround-
23 ing the public housing project adversely af-
24 fect the health or safety of the residents or

1 the feasible operation of the project by the
2 public housing agency; or

3 “(ii) disposition allows the acquisition,
4 development, or rehabilitation of other
5 properties that will be more efficiently or
6 effectively operated as low-income housing;

7 “(B) the public housing agency has other-
8 wise determined the disposition to be appro-
9 priate for reasons that are—

10 “(i) in the best interests of the resi-
11 dents and the public housing agency;

12 “(ii) consistent with the goals of the
13 public housing agency and the public hous-
14 ing agency plan; and

15 “(iii) otherwise consistent with this
16 title; or

17 “(C) for property other than dwelling
18 units, the property is excess to the needs of a
19 public housing project or the disposition is inci-
20 dental to, or does not interfere with, continued
21 operation of a public housing project;

22 “(3) that the public housing agency has specifi-
23 cally authorized the demolition or disposition in the
24 public housing agency plan, and has certified that

1 the actions contemplated in the public housing agen-
2 cy plan comply with this section;

3 “(4) that the public housing agency—

4 “(A) will notify residents in a project sub-
5 ject to demolition or disposition 90 days prior
6 to the displacement date except in cases of im-
7 minent threat to health or safety;

8 “(B) will provide for the payment of the
9 actual and reasonable relocation expenses of
10 each resident to be displaced;

11 “(C) will ensure that each displaced resi-
12 dent is offered comparable housing—

13 “(i) that meets housing quality stand-
14 ards;

15 “(ii) which may include—

16 “(I) tenant-based assistance;

17 “(II) project-based assistance; or

18 “(III) occupancy in a unit oper-
19 ated or assisted by the public housing
20 agency;

21 “(iii) that is at a rental rate paid by
22 the resident that is comparable to the rent-
23 al rate applicable to the unit from which
24 the resident is vacated; and

1 “(iv) that is located in an area that is
 2 generally not less desirable than the loca-
 3 tion of the displaced person’s housing;

4 “(D) will provide any necessary counseling
 5 for residents who are displaced; and

6 “(E) will not commence demolition or com-
 7 plete disposition until all residents residing in
 8 the unit are relocated;

9 “(5) that the net proceeds of any disposition
 10 will be used—

11 “(A) unless waived by the Secretary, for
 12 the retirement of outstanding obligations issued
 13 to finance the original public housing project or
 14 modernization of the project; and

15 “(B) to the extent that any proceeds re-
 16 main after the application of proceeds in ac-
 17 cordance with subparagraph (A), for the provi-
 18 sion of low-income housing or to benefit the
 19 residents of the public housing agency; and

20 “(6) that the public housing agency has com-
 21 plied with subsection (c).

22 “(b) DISAPPROVAL OF APPLICATIONS.—The Sec-
 23 retary shall disapprove an application submitted under
 24 subsection (a) if the Secretary determines that—

1 “(1) any certification made by the public hous-
 2 ing agency under that subsection is clearly inconsis-
 3 tent with information and data available to the Sec-
 4 retary or information or data requested by the Sec-
 5 retary; or

6 “(2) the application was not developed in con-
 7 sultation with—

8 “(A) residents who will be affected by the
 9 proposed demolition or disposition; and

10 “(B) each resident advisory board and
 11 resident council, if any, that will be affected by
 12 the proposed demolition or disposition.

13 “(c) RESIDENT OPPORTUNITY TO PURCHASE IN
 14 CASE OF PROPOSED DISPOSITION.—

15 “(1) IN GENERAL.—In the case of a proposed
 16 disposition of a public housing project or portion of
 17 a project, the public housing agency shall, in appro-
 18 priate circumstances, as determined by the Sec-
 19 retary, initially offer the property to any eligible
 20 resident organization, eligible resident management
 21 corporation, or nonprofit organization acting on be-
 22 half of the residents, if that entity has expressed an
 23 interest, in writing, to the public housing agency in
 24 a timely manner, in purchasing the property for con-
 25 tinued use as low-income housing.

1 “(2) TIMING.—

2 “(A) THIRTY-DAY NOTICE.—A resident or-
3 ganization, resident management corporation,
4 or other resident-supported nonprofit entity re-
5 ferred to in paragraph (1) may express interest
6 in purchasing property that is the subject of a
7 disposition, as described in paragraph (1), dur-
8 ing the 30-day period beginning on the date of
9 notification of a proposed sale of the property.

10 “(B) SIXTY-DAY NOTICE.—If an entity ex-
11 presses written interest in purchasing a prop-
12 erty, as provided in subparagraph (A), no dis-
13 position of the property shall occur during the
14 60-day period beginning on the date of receipt
15 of that written notice, during which time that
16 entity shall be given the opportunity to obtain
17 a firm commitment for financing the purchase
18 of the property.

19 “(d) REPLACEMENT UNITS.—Notwithstanding any
20 other provision of law, replacement housing units for pub-
21 lic housing units demolished in accordance with this sec-
22 tion may be built on the original public housing location
23 or in the same neighborhood as the original public housing
24 location if the number of those replacement units is fewer
25 than the number of units demolished.”.

1 (b) HOMEOWNERSHIP REPLACEMENT PLAN.—

2 (1) IN GENERAL.—Section 304(g) of the United
3 States Housing Act of 1937 (42 U.S.C. 1437aaa–
4 3(g)), as amended by section 1002(b) of the Emer-
5 gency Supplemental Appropriations for Additional
6 Disaster Assistance, for Anti-terrorism Initiatives,
7 for Assistance in the Recovery from the Tragedy
8 that Occurred At Oklahoma City, and Rescissions
9 Act, 1995 (Public Law 104–19; 109 Stat. 236), is
10 amended to read as follows:

11 “(g) [Reserved.]”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by paragraph (1) shall be effective with respect to
14 any plan for the demolition, disposition, or conver-
15 sion to homeownership of public housing that is ap-
16 proved by the Secretary after September 30, 1995.

17 (c) UNIFORM RELOCATION AND REAL PROPERTY
18 ACQUISITION ACT.—The Uniform Relocation and Real
19 Property Acquisition Act shall not apply to activities
20 under section 18 of the United States Housing Act of
21 1937, as amended by this section.

1 **SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS;**
2 **VOUCHER SYSTEM FOR PUBLIC HOUSING.**

3 (a) IN GENERAL.—Section 22 of the United States
4 Housing Act of 1937 (42 U.S.C. 1437t) is amended to
5 read as follows:

6 **“SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.**

7 “(a) IN GENERAL.—

8 “(1) AUTHORIZATION.—A public housing agen-
9 cy may convert any public housing project (or por-
10 tion thereof) owned and operated by the public hous-
11 ing agency to a system of tenant-based assistance in
12 accordance with this section.

13 “(2) REQUIREMENTS.—In converting to a ten-
14 ant-based system of assistance under this section,
15 the public housing agency shall develop a conversion
16 assessment and plan under subsection (b) in con-
17 sultation with the appropriate public officials, with
18 significant participation by the residents of the
19 project (or portion thereof), which assessment and
20 plan shall—

21 “(A) be consistent with and part of the
22 public housing agency plan; and

23 “(B) describe the conversion and future
24 use or disposition of the public housing project,
25 including an impact analysis on the affected
26 community.

1 “(b) CONVERSION ASSESSMENT AND PLAN.—

2 “(1) IN GENERAL.—Not later than 2 years
3 after the date of enactment of the Public Housing
4 Reform and Responsibility Act of 1997, each public
5 housing agency shall assess the status of each public
6 housing project owned and operated by that public
7 housing agency, and shall submit to the Secretary
8 an assessment that includes—

9 “(A) a cost analysis that demonstrates
10 whether or not the cost (both on a net present
11 value basis and in terms of new budget author-
12 ity requirements) of providing tenant-based as-
13 sistance under section 8 for the same families
14 in substantially similar dwellings over the same
15 period of time is less expensive than continuing
16 public housing assistance in the public housing
17 project proposed for conversion for the remain-
18 ing useful life of the project;

19 “(B) an analysis of the market value of the
20 public housing project proposed for conversion
21 both before and after rehabilitation, and before
22 and after conversion;

23 “(C) an analysis of the rental market con-
24 ditions with respect to the likely success of ten-
25 ant-based assistance under section 8 in that

1 market for the specific residents of the public
2 housing project proposed for conversion, includ-
3 ing an assessment of the availability of decent
4 and safe dwellings renting at or below the pay-
5 ment standard established for tenant-based as-
6 sistance under section 8 by the public housing
7 agency;

8 “(D) the impact of the conversion to a sys-
9 tem of tenant-based assistance under this sec-
10 tion on the neighborhood in which the public
11 housing project is located; and

12 “(E) a plan that identifies actions, if any,
13 that the public housing agency would take with
14 regard to converting any public housing project
15 or projects (or portions thereof) of the public
16 housing agency to a system of tenant-based as-
17 sistance.

18 “(2) STREAMLINED ASSESSMENT.—At the dis-
19 cretion of the Secretary or at the request of a public
20 housing agency, the Secretary may waive any or all
21 of the requirements of paragraph (1) or otherwise
22 require a streamlined assessment with respect to any
23 public housing project or class of public housing
24 projects.

1 “(3) IMPLEMENTATION OF CONVERSION
2 PLAN.—

3 “(A) IN GENERAL.—A public housing
4 agency may implement a conversion plan only if
5 the conversion assessment under this section
6 demonstrates that the conversion—

7 “(i) will not be more expensive than
8 continuing to operate the public housing
9 project (or portion thereof) as public hous-
10 ing; and

11 “(ii) will principally benefit the resi-
12 dents of the public housing project (or por-
13 tion thereof) to be converted, the public
14 housing agency, and the community.

15 “(B) DISAPPROVAL.—The Secretary shall
16 disapprove a conversion plan only if—

17 “(i) the plan is plainly inconsistent
18 with the conversion assessment under sub-
19 section (b);

20 “(ii) there is reliable information and
21 data available to the Secretary that con-
22 tradicts that conversion assessment; or

23 “(iii) the plan otherwise fails to meet
24 the requirements of this subsection.

1 “(c) OTHER REQUIREMENTS.—To the extent ap-
 2 proved by the Secretary, the funds used by the public
 3 housing agency to provide tenant-based assistance under
 4 section 8 shall be added to the annual contribution con-
 5 tract administered by the public housing agency.”.

6 (b) SAVINGS PROVISION.—The amendment made by
 7 subsection (a) does not affect any contract or other agree-
 8 ment entered into under section 22 of the United States
 9 Housing Act of 1937, as that section existed on the day
 10 before the date of enactment of this Act.

11 **SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOME-**
 12 **OWNERSHIP OPPORTUNITIES.**

13 (a) IN GENERAL.—Section 23 of the United States
 14 Housing Act of 1937 (42 U.S.C. 1437u) is amended to
 15 read as follows:

16 **“SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNI-**
 17 **TIES.**

18 “(a) IN GENERAL.—Notwithstanding any other pro-
 19 vision of law, a public housing agency may, in accordance
 20 with this section—

21 “(1) sell any public housing unit in any public
 22 housing project of the public housing agency to—

23 “(A) the low-income residents of the public
 24 housing agency; or

1 “(B) any organization serving as a conduit
2 for sales to those persons; and

3 “(2) provide assistance to public housing resi-
4 dents to facilitate the ability of those residents to
5 purchase a principal residence.

6 “(b) RIGHT OF FIRST REFUSAL.—In making any
7 sale under this section, the public housing agency shall
8 initially offer the public housing unit at issue to the resi-
9 dent or residents occupying that unit, if any, or to an or-
10 ganization serving as a conduit for sales to any such resi-
11 dent.

12 “(c) SALE PRICES, TERMS, AND CONDITIONS.—Any
13 sale under this section may involve such prices, terms, and
14 conditions as the public housing agency may determine in
15 accordance with procedures set forth in the public housing
16 agency plan.

17 “(d) PURCHASE REQUIREMENTS.—

18 “(1) IN GENERAL.—Each resident that pur-
19 chases a dwelling unit under subsection (a) shall, as
20 of the date on which the purchase is made—

21 “(A) intend to occupy the property as a
22 principal residence; and

23 “(B) submit a written certification to the
24 public housing agency that such resident will
25 occupy the property as a principal residence for

1 a period of not less than 12 months beginning
2 on that date.

3 “(2) RECAPTURE.—Except for good cause, as
4 determined by a public housing agency in the public
5 housing agency plan, if, during the 1-year period be-
6 ginning on the date on which any resident acquires
7 a public housing unit under this section, that public
8 housing unit is resold, the public housing agency
9 shall recapture 75 percent of the amount of any pro-
10 ceeds from that resale that exceed the sum of—

11 “(A) the original sale price for the acquisi-
12 tion of the property by the qualifying resident;

13 “(B) the costs of any improvements made
14 to the property after the date on which the ac-
15 quisition occurs; and

16 “(C) any closing costs incurred in connec-
17 tion with the acquisition.

18 “(e) PROTECTION OF NONPURCHASING RESI-
19 DENTS.—If a public housing resident does not exercise the
20 right of first refusal under subsection (b) with respect to
21 the public housing unit in which the resident resides, the
22 public housing agency shall—

23 “(1) ensure that either another public housing
24 unit or rental assistance under section 8 is made
25 available to the resident; and

1 “(2) provide for the payment of the actual and
2 reasonable relocation expenses of the resident.

3 “(f) NET PROCEEDS.—The net proceeds of any sales
4 under this section remaining after payment of all costs
5 of the sale and any unassumed, unpaid indebtedness owed
6 in connection with the dwelling units sold under this sec-
7 tion unless waived by the Secretary, shall be used for pur-
8 poses relating to low-income housing and in accordance
9 with the public housing agency plan.

10 “(g) HOMEOWNERSHIP ASSISTANCE.—From
11 amounts distributed to a public housing agency under sec-
12 tion 9, or from other income earned by the public housing
13 agency, the public housing agency may provide assistance
14 to public housing residents to facilitate the ability of those
15 residents to purchase a principal residence, including a
16 residence other than a residence located in a public hous-
17 ing project.”.

18 (b) CONFORMING AMENDMENTS.—The United States
19 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
20 amended—

21 (1) in section 8(y)(7)(A)—

22 (A) by striking “, (ii)” and inserting “,
23 and (ii)”;

24 (B) by striking “, and (iii)” and all that
25 follows before the period at the end; and

1 (2) in section 25(1)(2)—

2 (A) in the first sentence, by striking “,
3 consistent with the objectives of the program
4 under section 23,”; and

5 (B) by striking the second sentence.

6 (c) SAVINGS PROVISION.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by this section do
9 not affect any contract or other agreement entered
10 into under section 23 of the United States Housing
11 Act of 1937, as that section existed on the day be-
12 fore the date of enactment of this Act.

13 (2) EXCEPTION.—Section 23(d)(3) of the
14 United States Housing Act of 1937, as in existence
15 on the day before the date of enactment of this Act,
16 shall not apply to any contract or other agreement
17 after the date of enactment of this Act.

18 **SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC**
19 **HOUSING.**

20 Section 24 of the United States Housing Act of 1937
21 (42 U.S.C. 1437v) is amended to read as follows:

1 **“SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC**
2 **HOUSING.**

3 “(a) IN GENERAL.—To the extent provided in ad-
4 vance in appropriations Acts, the Secretary may make
5 grants to public housing agencies for the purposes of—

6 “(1) enabling the demolition of obsolete public
7 housing projects or portions thereof;

8 “(2) revitalizing sites (including remaining pub-
9 lic housing units) on which such public housing
10 projects are located;

11 “(3) the provision of replacement housing,
12 which will avoid or lessen concentrations of very low-
13 income families; and

14 “(4) the provision of tenant-based assistance
15 under section 8 for use as replacement housing.

16 “(b) COMPETITION.—The Secretary shall make
17 grants under this section on the basis of a competition,
18 which shall be based on such factors as—

19 “(1) the need for additional resources for ad-
20 dressing a severely distressed public housing project;

21 “(2) the need for affordable housing in the
22 community;

23 “(3) the supply of other housing available and
24 affordable to a family receiving tenant-based assist-
25 ance under section 8; and

1 “(4) the local impact of the proposed revitaliza-
2 tion program.

3 “(c) TERMS AND CONDITIONS.—The Secretary may
4 impose such terms and conditions on recipients of grants
5 under this section as the Secretary determines to be ap-
6 propriate to carry out the purposes of this section, except
7 that such terms and conditions shall be similar to the
8 terms and conditions of either—

9 “(1) the urban revitalization demonstration pro-
10 gram authorized under the Departments of Veterans
11 Affairs and Housing and Urban Development, and
12 Independent Agencies Appropriations Acts; or

13 “(2) section 24 of the United States Housing
14 Act of 1937, as such section existed before the date
15 of enactment of the Public Housing Reform and Re-
16 sponsibility Act of 1997.

17 “(d) ALTERNATIVE MANAGEMENT.—The Secretary
18 may require any recipient of a grant under this section
19 to make arrangements with an entity other than the public
20 housing agency to carry out the purposes for which the
21 grant was awarded, if the Secretary determines that such
22 action is necessary for the timely and effective achieve-
23 ment of the purposes for which the grant was awarded.

24 “(e) SUNSET.—No grant may be made under this
25 section on or after October 1, 2000.”.

1 **SEC. 119. MIXED-FINANCE AND MIXED-OWNERSHIP**
 2 **PROJECTS.**

3 (a) IN GENERAL.—Title I of the United States Hous-
 4 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
 5 adding at the end the following:

6 **“SEC. 30. MIXED-FINANCE AND MIXED-OWNERSHIP**
 7 **PROJECTS.**

8 “(a) IN GENERAL.—A public housing agency may
 9 own, operate, assist, or otherwise participate in 1 or more
 10 mixed-finance projects in accordance with this section.

11 “(b) REQUIREMENTS.—

12 “(1) MIXED-FINANCE PROJECT.—In this sec-
 13 tion, the term ‘mixed-finance project’ means a
 14 project that meets the requirements of paragraph
 15 (2) and that is occupied both by 1 or more very low-
 16 income families and by 1 or more families that are
 17 not very low-income families.

18 “(2) STRUCTURE OF PROJECTS.—Each mixed-
 19 finance project shall be developed—

20 “(A) in a manner that ensures that units
 21 are made available in the project, by master
 22 contract, individual lease, or equity interest for
 23 occupancy by eligible families identified by the
 24 public housing agency for a period of not less
 25 than 20 years;

1 “(B) in a manner that ensures that the
 2 number of public housing units bears approxi-
 3 mately the same proportion to the total number
 4 of units in the mixed-finance project as the
 5 value of the total financial commitment pro-
 6 vided by the public housing agency bears to the
 7 value of the total financial commitment in the
 8 project, or shall not be less than the number of
 9 units that could have been developed under the
 10 conventional public housing program with the
 11 assistance; and

12 “(C) in accordance with such other re-
 13 quirements as the Secretary may prescribe by
 14 regulation.

15 “(3) TYPES OF PROJECTS.—The term ‘mixed-
 16 finance project’ includes a project that is
 17 developed—

18 “(A) by a public housing agency or by an
 19 entity affiliated with a public housing agency;

20 “(B) by a partnership, a limited liability
 21 company, or other entity in which the public
 22 housing agency (or an entity affiliated with a
 23 public housing agency) is a general partner,
 24 managing member, or otherwise participates in
 25 the activities of that entity;

1 “(C) by any entity that grants to the pub-
2 lic housing agency a right of first refusal to ac-
3 quire the public housing project within the ap-
4 plicable period of time after initial occupancy of
5 the public housing project in accordance with
6 section 42(i)(7) of the Internal Revenue Code of
7 1986; or

8 “(D) in accordance with such other terms
9 and conditions as the Secretary may prescribe
10 by regulation.

11 “(c) TAXATION.—

12 “(1) IN GENERAL.—A public housing agency
13 may elect to have all public housing units in a
14 mixed-finance project subject to local real estate
15 taxes, except that such units shall be eligible at the
16 discretion of the public housing agency for the tax-
17 ing requirements under section 6(d).

18 “(2) LOW-INCOME HOUSING TAX CREDIT.—
19 With respect to any unit in a mixed-finance project
20 that is assisted pursuant to the low-income housing
21 tax credit under section 42 of the Internal Revenue
22 Code of 1986, the rents charged to the residents
23 may be set at levels not to exceed the amounts al-
24 lowable under that section.

1 “(d) RESTRICTION.—No assistance provided under
2 section 9 shall be used by a public housing agency in direct
3 support of any unit rented to a family that is not a low-
4 income family.

5 “(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an
6 entity that owns or operates a mixed-finance project under
7 this section enters into a contract with a public housing
8 agency, the terms of which obligate the entity to operate
9 and maintain a specified number of units in the project
10 as public housing units in accordance with the require-
11 ments of this Act for the period required by law, such con-
12 tractual terms may provide that, if, as a result of a reduc-
13 tion in appropriations under section 9, or any other
14 change in applicable law, the public housing agency is un-
15 able to fulfill its contractual obligations with respect to
16 those public housing units, that entity may deviate, under
17 procedures and requirements developed through regula-
18 tions by the Secretary, from otherwise applicable restric-
19 tions under this Act regarding rents, income eligibility,
20 and other areas of public housing management with re-
21 spect to a portion or all of those public housing units, to
22 the extent necessary to preserve the viability of those units
23 while maintaining the low-income character of the units
24 to the maximum extent practicable.”.

1 (b) REGULATIONS.—The Secretary shall issue such
 2 regulations as may be necessary to promote the develop-
 3 ment of mixed-finance projects, as that term is defined
 4 in section 30 of the United States Housing Act of 1937
 5 (as added by this Act).

6 **SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 7 **TO TENANT-BASED ASSISTANCE.**

8 (a) IN GENERAL.—Title I of the United States Hous-
 9 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
 10 adding at the end the following:

11 **“SEC. 31. CONVERSION OF DISTRESSED PUBLIC HOUSING**
 12 **TO TENANT-BASED ASSISTANCE.**

13 “(a) IDENTIFICATION OF UNITS.—Each public hous-
 14 ing agency shall identify all public housing projects of the
 15 public housing agency—

16 “(1) that are on the same or contiguous sites;

17 “(2) that the public housing agency determines
 18 to be distressed, which determination shall be made
 19 in accordance with guidelines established by the Sec-
 20 retary, which guidelines shall take into account the
 21 criteria established in the Final Report of the Na-
 22 tional Commission on Severely Distressed Public
 23 Housing (August 1992);

24 “(3) identified as distressed housing under
 25 paragraph (2) for which the public housing agency

1 cannot assure the long-term viability as public hous-
 2 ing through reasonable modernization expenses, den-
 3 sity reduction, achievement of a broader range of
 4 family income, or other measures; and

5 “(4) for which the estimated cost, during the
 6 remaining useful life of the project, of continued op-
 7 eration and modernization as public housing exceeds
 8 the estimated cost, during the remaining useful life
 9 of the project, of providing tenant-based assistance
 10 under section 8 for all families in occupancy, based
 11 on appropriate indicators of cost (such as the per-
 12 centage of total development costs required for mod-
 13 ernization).

14 “(b) CONSULTATION.—Each public housing agency
 15 shall consult with the appropriate public housing residents
 16 and the appropriate unit of general local government in
 17 identifying any public housing projects under subsection
 18 (a).

19 “(c) REMOVAL OF UNITS FROM THE INVENTORIES
 20 OF PUBLIC HOUSING AGENCIES.—

21 “(1) IN GENERAL.—

22 “(A) DEVELOPMENT OF PLAN.—Each pub-
 23 lic housing agency shall develop and, to the ex-
 24 tent provided in advance in appropriations Acts,
 25 carry out a 5-year plan in conjunction with the

1 Secretary for the removal of public housing
 2 units identified under subsection (a) from the
 3 inventory of the public housing agency and the
 4 annual contributions contract.

5 “(B) APPROVAL OF PLAN.—The plan re-
 6 quired under subparagraph (A) shall—

7 “(i) be included as part of the public
 8 housing agency plan;

9 “(ii) be certified by the relevant local
 10 official to be in accordance with the com-
 11 prehensive housing affordability strategy
 12 under title I of the Housing and Commu-
 13 nity Development Act of 1992; and

14 “(iii) include a description of any dis-
 15 position and demolition plan for the public
 16 housing units.

17 “(2) EXTENSIONS.—The Secretary may extend
 18 the 5-year deadline described in paragraph (1) by
 19 not more than an additional 5 years if the Secretary
 20 makes a determination that the deadline is imprac-
 21 ticable.

22 “(3) DETERMINATION OF SECRETARY.—

23 “(A) FAILURE TO IDENTIFY PROJECTS.—

24 If the Secretary determines, based on a plan
 25 submitted under this subsection, that a public

1 housing agency has failed to identify 1 or more
 2 public housing projects that the Secretary de-
 3 termines should have been identified under sub-
 4 section (a), the Secretary may designate the
 5 public housing projects to be removed from the
 6 inventory of the public housing agency pursuant
 7 to this section.

8 “(B) ERRONEOUS IDENTIFICATION OF
 9 PROJECTS.—If the Secretary determines, based
 10 on a plan submitted under this subsection, that
 11 a public housing agency has identified 1 or
 12 more public housing projects that should not
 13 have been identified pursuant to subsection (a),
 14 the Secretary shall—

15 “(i) require the public housing agency
 16 to revise the plan of the public housing
 17 agency under this subsection; and

18 “(ii) prohibit the removal of any such
 19 public housing project from the inventory
 20 of the public housing agency under this
 21 section.

22 “(d) CONVERSION TO TENANT-BASED ASSIST-
 23 ANCE.—

24 “(1) IN GENERAL.—To the extent approved in
 25 advance in appropriations Acts, the Secretary shall

1 make authority available to a public housing agency
2 to provide assistance under this Act to families re-
3 siding in any public housing project that is removed
4 from the inventory of the public housing agency and
5 the annual contributions contract pursuant to this
6 section.

7 “(2) PLAN REQUIREMENTS.—Each plan under
8 subsection (c) shall require the agency—

9 “(A) to notify each family residing in the
10 public housing project, consistent with any
11 guidelines issued by the Secretary governing
12 such notifications, that—

13 “(i) the public housing project will be
14 removed from the inventory of the public
15 housing agency;

16 “(ii) the demolition will not commence
17 until each resident residing in the public
18 housing project is relocated; and

19 “(iii) each family displaced by such
20 action will be offered comparable
21 housing—

22 “(I) that meets housing quality
23 standards; and

24 “(II) which may include—

1 “(aa) tenant-based assist-
2 ance;

3 “(bb) project-based assist-
4 ance; or

5 “(cc) occupancy in a unit
6 operated or assisted by the public
7 housing agency at a rental rate
8 paid by the family that is com-
9 parable to the rental rate appli-
10 cable to the unit from which the
11 family is vacated;

12 “(B) to provide any necessary counseling
13 for families displaced by such action; and

14 “(C) to provide any actual and reasonable
15 relocation expenses for families displaced by
16 such action.

17 “(e) REMOVAL BY SECRETARY.—The Secretary shall
18 take appropriate actions to ensure removal of any public
19 housing project identified under subsection (a) from the
20 inventory of a public housing agency, if the public housing
21 agency fails to adequately develop a plan under subsection
22 (c) with respect to that project, or fails to adequately im-
23 plement such plan in accordance with the terms of the
24 plan.

25 “(f) ADMINISTRATION.—

(b) CONFORMING AMENDMENT.—Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) is repealed.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

21 “(a) GENERAL AUTHORIZATION.—The Secretary
22 may, upon such terms and conditions as the Secretary
23 may prescribe, authorize a public housing agency to mort-
24 gage or otherwise grant a security interest in any public

1 housing project or other property of the public housing
2 agency.

3 “(b) TERMS AND CONDITIONS.—

4 “(1) CRITERIA FOR APPROVAL.—In making any
5 authorization under subsection (a), the Secretary
6 may consider—

7 “(A) the ability of the public housing agen-
8 cy to use the proceeds of the mortgage or secu-
9 rity interest for low-income housing uses;

10 “(B) the ability of the public housing agen-
11 cy to make payments on the mortgage or secu-
12 rity interest; and

13 “(C) such other criteria as the Secretary
14 may specify.

15 “(2) TERMS AND CONDITIONS OF MORTGAGES
16 AND SECURITY INTERESTS OBTAINED.—Each mort-
17 gage or security interest granted under this section
18 shall be—

19 “(A) for a term that—

20 “(i) is consistent with the terms of
21 private loans in the market area in which
22 the public housing project or property at
23 issue is located; and

24 “(ii) does not exceed 30 years; and

1 “(B) subject to conditions that are consist-
 2 ent with the conditions to which private loans
 3 in the market area in which the subject project
 4 or other property is located are subject.

5 “(3) NO FEDERAL LIABILITY.—No action taken
 6 under this section shall result in any liability to the
 7 Federal Government.”.

8 **SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESI-**
 9 **DENTS.**

10 Title I of the United States Housing Act of 1937 (42
 11 U.S.C. 1437 et seq.) is amended by adding at the end
 12 the following:

13 **“SEC. 33. SERVICES FOR PUBLIC HOUSING RESIDENTS.**

14 “(a) IN GENERAL.—To the extent provided in ad-
 15 vance in appropriations Acts, the Secretary may make
 16 grants to public housing agencies on behalf of public hous-
 17 ing residents, or directly to resident management corpora-
 18 tions, resident councils, or resident organizations (includ-
 19 ing nonprofit entities supported by residents), for the pur-
 20 poses of providing a program of supportive services and
 21 resident empowerment activities to assist public housing
 22 residents in becoming economically self-sufficient.

23 “(b) ELIGIBLE ACTIVITIES.—Grantees under this
 24 section may use such amounts only for activities on or
 25 near the property of the public housing agency or public

1 housing project that are designed to promote the self-suffi-
2 ciency of public housing residents, including activities re-
3 lating to—

4 “(1) physical improvements to a public housing
5 project in order to provide space for supportive serv-
6 ices for residents;

7 “(2) the provision of service coordinators or a
8 congregate housing services program for elderly dis-
9 abled individuals, nonelderly disabled individuals, or
10 temporarily disabled individuals;

11 “(3) the provision of services related to work
12 readiness, including education, job training and
13 counseling, job search skills, business development
14 training and planning, tutoring, mentoring, adult lit-
15 eracy, computer access, personal and family counsel-
16 ing, health screening, work readiness health services,
17 transportation, and child care;

18 “(4) economic and job development, including
19 employer linkages and job placement, and the start-
20 up of resident microenterprises, community credit
21 unions, and revolving loan funds, including the li-
22 censing, bonding, and insurance needed to operate
23 such enterprises;

24 “(5) resident management activities and resi-
25 dent participation activities; and

1 “(6) other activities designed to improve the
2 economic self-sufficiency of residents.

3 “(c) FUNDING DISTRIBUTION.—

4 “(1) IN GENERAL.—Except for amounts pro-
5 vided under subsection (d), the Secretary may dis-
6 tribute amounts made available under this section on
7 the basis of a competition or a formula, as appro-
8 priate.

9 “(2) FACTORS FOR DISTRIBUTION.—Factors
10 for distribution under paragraph (1) shall include—

11 “(A) the demonstrated capacity of the ap-
12 plicant to carry out a program of supportive
13 services or resident empowerment activities;

14 “(B) the ability of the applicant to lever-
15 age additional resources for the provision of
16 services; and

17 “(C) the extent to which the grant will re-
18 sult in a high quality program of supportive
19 services or resident empowerment activities.

20 “(d) MATCHING REQUIREMENT.—The Secretary may
21 not make any grant under this section to any applicant
22 unless the applicant supplements each dollar made avail-
23 able under this section with funds from sources other than
24 this section, in an amount equal to not less than 25 per-
25 cent of the grant amount, including—

1 “(1) funds from other Federal sources;

2 “(2) funds from any State or local government
3 sources;

4 “(3) funds from private contributions; and

5 “(4) the value of any in-kind services or admin-
6 istrative costs provided to the applicant.

7 “(e) FUNDING FOR RESIDENT COUNCILS.—Of
8 amounts appropriated for activities under this section, not
9 less than 25 percent shall be provided directly to resident
10 councils, resident organizations, and resident management
11 corporations.”.

12 **SEC. 123. PROHIBITION ON USE OF AMOUNTS.**

13 Title I of the United States Housing Act of 1937 (42
14 U.S.C. 1437 et seq.) is amended by adding at the end
15 the following:

16 **“SEC. 34. PROHIBITION ON USE OF AMOUNTS.**

17 “None of the amounts made available to the Depart-
18 ment of Housing and Urban Development to carry out this
19 Act, that are obligated to State or local governments, pub-
20 lic housing agencies, housing finance agencies, or other
21 public or quasi-public housing agencies, may be used to
22 indemnify contractors or subcontractors of the govern-
23 ment or agency against costs associated with judgments
24 of infringement of intellectual property rights.”.

1 **SEC. 124. PET OWNERSHIP.**

2 Title I of the United States Housing Act of 1937 (42
3 U.S.C. 1437 et seq.) is amended by adding at the end
4 the following:

5 **“SEC. 35. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**
6 **AL HOUSING.**

7 **“(a) OWNERSHIP CONDITIONS.—**

8 **“(1) IN GENERAL.—**A resident of a dwelling
9 unit in federally assisted rental housing may own 1
10 or more common household pets or have 1 or more
11 common household pets present in the dwelling unit
12 of such resident, subject to the reasonable require-
13 ments of the owner of the federally assisted rental
14 housing, if the resident maintains each pet respon-
15 sibly and in accordance with applicable State and
16 local public health, animal control, and animal anti-
17 cruelty laws and regulations.

18 **“(2) REQUIREMENTS.—**The reasonable require-
19 ments described in paragraph (1) may include—

20 **“(A)** requiring payment of a nominal fee,
21 a pet deposit, or both, by residents owning or
22 having pets present, to cover the reasonable op-
23 erating costs to the project relating to the pres-
24 ence of pets and to establish an escrow account
25 for additional costs not otherwise covered, re-
26 spectively;

1 “(B) limitations on the number of animals
2 in a unit, based on unit size; and

3 “(C) prohibitions on—

4 “(i) certain breeds or types of animals
5 that are determined to be dangerous; and

6 “(ii) individual animals, based on cer-
7 tain factors, including the size and weight
8 of the animal.

9 “(b) PROHIBITION AGAINST DISCRIMINATION.—No
10 owner of federally assisted rental housing may restrict or
11 discriminate against any person in connection with admis-
12 sion to, or continued occupancy of, such housing by reason
13 of the ownership of common household pets by, or the
14 presence of such pets in the dwelling unit of, such person.

15 “(c) DEFINITIONS.—In this section:

16 “(1) FEDERALLY ASSISTED RENTAL HOUS-
17 ING.—The term ‘federally assisted rental housing’
18 means any public housing project or any rental
19 housing receiving project-based assistance under—

20 “(A) the new construction and substantial
21 rehabilitation program under section 8(b)(2) of
22 this Act (as in effect before October 1, 1983);

23 “(B) the property disposition program
24 under section 8(b);

1 “(C) the moderate rehabilitation program
2 under section 8(e)(2) of this Act (as it existed
3 prior to October 1, 1991);

4 “(D) section 23 of this Act (as in effect
5 before January 1, 1975);

6 “(E) the rent supplement program under
7 section 101 of the Housing and Urban Develop-
8 ment Act of 1965;

9 “(F) section 8 of this Act, following con-
10 version from assistance under section 101 of
11 the Housing and Urban Development Act of
12 1965; or

13 “(G) loan management assistance under
14 section 8 of this Act.

15 “(2) OWNER.—The term ‘owner’ means, with
16 respect to federally assisted rental housing, the en-
17 tity or private person, including a cooperative or
18 public housing agency, that has the legal right to
19 lease or sublease dwelling units in such housing (in-
20 cluding a manager of such housing having such
21 right).

22 “(d) REGULATIONS.—This section shall take effect
23 upon the date of the effectiveness of regulations issued by
24 the Secretary to carry out this section. Such regulations
25 shall be issued after notice and opportunity for public

1 comment in accordance with the procedure under section
 2 553 of title 5, United States Code, applicable to sub-
 3 stantive rules (notwithstanding subsections (a)(2), (b)(B),
 4 and (d)(3) of such section).”.

5 **SEC. 125. CITY OF INDIANAPOLIS FLEXIBLE GRANT DEM-**
 6 **ONSTRATION.**

7 Title I of the United States Housing Act of 1937 (42
 8 U.S.C. 1437 et seq.) is amended by adding at the end
 9 the following:

10 **“SEC. 36. CITY OF INDIANAPOLIS FLEXIBLE GRANT DEM-**
 11 **ONSTRATION.**

12 “(a) DEFINITIONS.—In this section:

13 “(1) COVERED HOUSING ASSISTANCE.—The
 14 term ‘covered housing assistance’ means—

15 “(A)(i) operating assistance under section
 16 9 of the United States Housing Act of 1937 (as
 17 in existence on the day before the effective date
 18 of the Public Housing Reform and Responsibil-
 19 ity Act of 1997), modernization assistance
 20 under section 14 of the United States Housing
 21 Act of 1937 (as in existence on the day before
 22 the effective date of the Public Housing Reform
 23 and Responsibility Act of 1997); and

24 “(ii) assistance for the certificate and
 25 voucher programs under section 8 of the United

1 States Housing Act of 1937 (as in existence on
2 the day before the effective date of the Public
3 Housing Reform and Responsibility Act of
4 1997);

5 “(B) assistance for public housing under
6 the Capital and Operating Funds established
7 under section 9; and

8 “(C) tenant-based rental assistance under
9 section 8.

10 “(2) CITY.—The term ‘City’ means the city of
11 Indianapolis, Indiana.

12 “(b) PURPOSE.—The Secretary shall carry out a
13 demonstration program in accordance with this section
14 under which the City, in coordination with the public hous-
15 ing agency of the City—

16 “(1) may receive and combine program alloca-
17 tions of covered housing assistance; and

18 “(2) shall have the flexibility to design creative
19 approaches for providing and administering Federal
20 housing assistance that—

21 “(A) provide incentives to low-income fami-
22 lies with children whose head of the household
23 is employed, seeking employment, or preparing
24 for employment by participating in a job train-
25 ing or educational program, or any program

1 that otherwise assists individuals in obtaining
 2 employment and attaining economic self-suffi-
 3 ciency;

4 “(B) reduce costs of Federal housing as-
 5 sistance and achieve greater cost-effectiveness
 6 in Federal housing assistance expenditures;

7 “(C) increase the stock of affordable hous-
 8 ing and housing choices for low-income families;

9 “(D) increase homeownership among low-
 10 income families; and

11 “(E) achieve such other purposes with re-
 12 spect to low-income families, as determined by
 13 the City in coordination with the public housing
 14 agency.

15 “(c) PROGRAM ALLOCATION.—In each fiscal year,
 16 the amount made available to the City under this section
 17 shall be equal to the sum of the amounts that would other-
 18 wise be made available to the public housing agency of
 19 the City under the provisions of this Act described in sub-
 20 paragraphs (A) through (C) of subsection (a)(1).

21 “(d) APPLICABILITY OF PROGRAM REQUIRE-
 22 MENTS.—

23 “(1) IN GENERAL.—In each fiscal year of the
 24 demonstration program under this section, amounts
 25 made available to the City under this section shall

1 be subject to the same terms and conditions as those
2 amounts would be subject if made available under
3 the provisions of this Act pursuant to which covered
4 housing assistance is otherwise made available to the
5 public housing agency of the City under this Act, ex-
6 cept that—

7 “(A) the Secretary may waive any such
8 term or condition to the extent that the Sec-
9 retary determines such action to be appropriate
10 to carry out the demonstration program under
11 this section; and

12 “(B) the City may combine the amounts
13 made available and use the amounts for any ac-
14 tivity eligible under each such program under
15 section 8 or 9.

16 “(2) NUMBER OF FAMILIES ASSISTED.—In car-
17 rying out the demonstration program under this sec-
18 tion, the City shall assist substantially the same
19 total number of eligible low-income families as would
20 have otherwise been served by the public housing
21 agency of the City.

22 “(3) PROTECTION OF RECIPIENTS.—Nothing is
23 this section shall be construed to authorize the ter-
24 mination of assistance to any recipient of assistance
25 under this Act before the date of enactment of this

1 section, as a result of the implementation of the
2 demonstration program under this section.

3 “(e) PLAN REQUIREMENT.—In carrying out this sec-
4 tion, the Secretary may establish a streamlined public
5 housing agency plan and planning process for the City in
6 accordance with section 5A.

7 “(f) EFFECT ON ABILITY TO COMPETE FOR OTHER
8 CATEGORICAL PROGRAMS.—Nothing in this section shall
9 be construed to affect the ability of the City (or the public
10 housing agency of the City) to compete or otherwise apply
11 for or receive assistance under any other housing assist-
12 ance program administered by the Secretary.

13 “(g) PERFORMANCE STANDARDS.—The Secretary
14 and the City shall collectively establish standards for eval-
15 uating the performance of the City in meeting the goals
16 set forth in subsection (b) including—

17 “(1) moving dependent low-income families to
18 economic self-sufficiency;

19 “(2) reducing the per-family cost of providing
20 housing assistance;

21 “(3) expanding the stock of affordable housing
22 and housing choices of low-income families;

23 “(4) increasing the number of homeownership
24 opportunities for low-income families; and

1 “(5) any other performance goals established by
2 the Secretary and the City.

3 “(h) RECORDS AND REPORTS.—

4 “(1) RECORDS.—The City shall maintain such
5 records as the Secretary may require in order to—

6 “(A) document the amounts received by
7 the City under this Act, and the disposition of
8 those amounts under the demonstration pro-
9 gram under this section;

10 “(B) ensure compliance by the City with
11 this section; and

12 “(C) evaluate the performance of the City
13 under the demonstration program under this
14 section.

15 “(2) REPORTS.—

16 “(A) IN GENERAL.—The City shall annu-
17 ally submit to the Secretary a report in a form
18 and at a time specified by the Secretary.

19 “(B) CONTENTS.—Each report under this
20 paragraph shall include—

21 “(i) documentation of the use of funds
22 made available to the City under this sec-
23 tion;

24 “(ii) such data as the Secretary may
25 request to assist the Secretary in evaluat-

1 ing the demonstration program under this
2 section; and

3 “(iii) a description and analysis of the
4 effect of assisted activities in addressing
5 the objectives of the demonstration pro-
6 gram under this section.

7 “(3) ACCESS TO DOCUMENTS BY THE SEC-
8 RETARY AND COMPTROLLER GENERAL.—The Sec-
9 retary and the Comptroller General of the United
10 States, or any duly authorized representative of the
11 Secretary or the Comptroller General, shall have ac-
12 cess for the purpose of audit and examination to any
13 books, documents, papers, and records maintained
14 by the City that relate to the demonstration pro-
15 gram under this section.

16 “(i) PERFORMANCE REVIEW AND EVALUATION.—

17 “(1) PERFORMANCE REVIEW.—Based on the
18 performance standards established under subsection
19 (g), the Secretary shall monitor the performance of
20 the City in providing assistance under this section.

21 “(2) STATUS REPORT.—Not later than 60 days
22 after the last day of the second year of the dem-
23 onstration program under this section, the Secretary
24 shall submit to Congress an interim report on the
25 status of the demonstration program and the

1 progress of the City in achieving the purposes of the
2 demonstration program under subsection (b).

3 “(3) TERMINATION AND EVALUATION.—

4 “(A) TERMINATION.—The demonstration
5 program under this section shall terminate not
6 less than 2 and not more than 5 years after the
7 date on which the program is commenced under
8 this section.

9 “(B) EVALUATION.—Not later than 6
10 months after the termination of the demonstra-
11 tion program under this section, the Secretary
12 shall submit to Congress a final report, which
13 shall include—

14 “(i) an evaluation the effectiveness of
15 the activities carried out under the dem-
16 onstration program under this section; and

17 “(ii) any findings and recommenda-
18 tions of the Secretary for any appropriate
19 legislative action.”.

1 **TITLE II—SECTION 8 RENTAL**
2 **ASSISTANCE**

3 **SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER**
4 **PROGRAMS.**

5 (a) IN GENERAL.—Section 8(o) of the United States
6 Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended
7 to read as follows:

8 “(o) VOUCHER PROGRAM.—

9 “(1) PAYMENT STANDARD.—

10 “(A) IN GENERAL.—The Secretary may
11 provide assistance to public housing agencies
12 for tenant-based assistance using a payment
13 standard established in accordance with sub-
14 paragraph (B). The payment standard shall be
15 used to determine the monthly assistance that
16 may be paid for any family, as provided in
17 paragraph (2).

18 “(B) ESTABLISHMENT OF PAYMENT
19 STANDARD.—Except as provided under sub-
20 paragraph (D), the payment standard shall not
21 exceed 110 percent of the fair market rental es-
22 tablished under subsection (c) and shall be not
23 less than 90 percent of that fair market rental.

24 “(C) SET-ASIDE.—The Secretary may set
25 aside not more than 5 percent of the budget au-

1 thority available under this subsection as an ad-
2 justment pool. The Secretary shall use amounts
3 in the adjustment pool to make adjusted pay-
4 ments to public housing agencies under sub-
5 paragraph (A), to ensure continued afford-
6 ability, if the Secretary determines that addi-
7 tional assistance for such purpose is necessary,
8 based on documentation submitted by a public
9 housing agency.

10 “(D) APPROVAL.—The Secretary may re-
11 quire a public housing agency to submit the
12 payment standard of the public housing agency
13 to the Secretary for approval, if the payment
14 standard is less than 90 percent of the fair
15 market rent or exceeds 110 percent of the fair
16 market rent.

17 “(E) REVIEW.—The Secretary—

18 “(i) shall monitor rent burdens and
19 review any payment standard that results
20 in a significant percentage of the families
21 occupying units of any size paying more
22 than 30 percent of adjusted income for
23 rent; and

24 “(ii) may require a public housing
25 agency to modify the payment standard of

1 the public housing agency based on the re-
2 sults of that review.

3 “(2) AMOUNT OF MONTHLY ASSISTANCE PAY-
4 MENT.—

5 “(A) FAMILIES RECEIVING TENANT-BASED
6 ASSISTANCE; RENT DOES NOT EXCEED PAY-
7 MENT STANDARD.—For a family receiving ten-
8 ant-based assistance under this title, if the rent
9 for that family (including the amount allowed
10 for tenant-paid utilities) does not exceed the
11 payment standard established under paragraph
12 (1), the monthly assistance payment to that
13 family shall be equal to the amount by which
14 the rent exceeds the greatest of the following
15 amounts, rounded to the nearest dollar:

16 “(i) Thirty percent of the monthly ad-
17 justed income of the family.

18 “(ii) Ten percent of the monthly in-
19 come of the family.

20 “(iii) If the family is receiving pay-
21 ments for welfare assistance from a public
22 agency and a part of those payments, ad-
23 justed in accordance with the actual hous-
24 ing costs of the family, is specifically des-
25 ignated by that agency to meet the housing

1 costs of the family, the portion of those
2 payments that is so designated.

3 “(B) FAMILIES RECEIVING TENANT-BASED
4 ASSISTANCE; RENT EXCEEDS PAYMENT STAND-
5 ARD.—For a family receiving tenant-based as-
6 sistance under this title, if the rent for that
7 family (including the amount allowed for ten-
8 ant-paid utilities) exceeds the payment standard
9 established under paragraph (1), the monthly
10 assistance payment to that family shall be equal
11 to the amount by which the applicable payment
12 standard exceeds the greatest of the following
13 amounts, rounded to the nearest dollar:

14 “(i) Thirty percent of the monthly ad-
15 justed income of the family.

16 “(ii) Ten percent of the monthly in-
17 come of the family.

18 “(iii) If the family is receiving pay-
19 ments for welfare assistance from a public
20 agency and a part of those payments, ad-
21 justed in accordance with the actual hous-
22 ing costs of the family, is specifically des-
23 ignated by that agency to meet the housing
24 costs of the family, the portion of those
25 payments that is so designated.

1 “(C) FAMILIES RECEIVING PROJECT-
 2 BASED ASSISTANCE.—For a family receiving
 3 project-based assistance under this title, the
 4 rent that the family is required to pay shall be
 5 determined in accordance with section 3(a)(1),
 6 and the amount of the housing assistance pay-
 7 ment shall be determined in accordance with
 8 subsection (c)(3) of this section.

9 “(3) FORTY PERCENT LIMIT.—At the time a
 10 family initially receives tenant-based assistance
 11 under this title with respect to any dwelling unit, the
 12 total amount that a family may be required to pay
 13 for rent may not exceed 40 percent of the monthly
 14 adjusted income of the family.

15 “(4) ELIGIBLE FAMILIES.—At the time a fam-
 16 ily initially receives assistance under this subsection,
 17 a family shall qualify as—

18 “(A) a very low-income family;

19 “(B) a family previously assisted under
 20 this title;

21 “(C) a low-income family that meets eligi-
 22 bility criteria specified by the public housing
 23 agency;

24 “(D) a family that qualifies to receive a
 25 voucher in connection with a homeownership

1 program approved under title IV of the Cran-
2 ston-Gonzalez National Affordable Housing Act;
3 or

4 “(E) a family that qualifies to receive a
5 voucher under section 223 or 226 of the Low-
6 Income Housing Preservation and Resident
7 Homeownership Act of 1990.

8 “(5) ANNUAL REVIEW OF FAMILY INCOME.—

9 Each public housing agency shall, not less frequently
10 than annually, conduct a review of the family income
11 of each family receiving assistance under this sub-
12 section.

13 “(6) SELECTION OF FAMILIES.—

14 “(A) IN GENERAL.—Each public housing
15 agency may establish local preferences consist-
16 ent with the public housing agency plan submit-
17 ted by the public housing agency under section
18 5A, including a preference for families residing
19 in public housing who are victims of a crime of
20 violence (as that term is defined in section 16
21 of title 18, United States Code) that has been
22 reported to an appropriate law enforcement
23 agency.

24 “(B) SELECTION OF TENANTS.—The selec-
25 tion of tenants shall be made by the owner of

1 the dwelling unit, subject to the annual con-
2 tributions contract between the Secretary and
3 the public housing agency.

4 “(7) LEASE.—Each housing assistance payment
5 contract entered into by the public housing agency
6 and the owner of a dwelling unit—

7 “(A) shall provide that the screening and
8 selection of families for those units shall be the
9 function of the owner;

10 “(B) shall provide that the lease between
11 the tenant and the owner shall be for a term of
12 not less than 1 year, except that the public
13 housing agency may approve a shorter term for
14 an initial lease between the tenant and the
15 dwelling unit owner if the public housing agen-
16 cy determines that such shorter term would im-
17 prove housing opportunities for the tenant and
18 if such shorter term is considered to be an ac-
19 ceptable local market practice;

20 “(C) shall provide that the dwelling unit
21 owner shall offer leases to tenants assisted
22 under this subsection that—

23 “(i) are in a standard form used in
24 the locality by the dwelling unit owner; and

1 “(ii) contain terms and conditions
2 that—

3 “(I) are consistent with State
4 and local law; and

5 “(II) apply generally to tenants
6 in the property who are not assisted
7 under this section;

8 “(D) shall provide that the dwelling unit
9 owner may not terminate the tenancy of any
10 person assisted under this subsection during the
11 term of a lease that meets the requirements of
12 this section unless the owner determines, on the
13 same basis and in the same manner as would
14 apply to a tenant in the property who does not
15 receive assistance under this subsection, that—

16 “(i) the tenant has committed a seri-
17 ous or repeated violation of the terms and
18 conditions of the lease;

19 “(ii) the tenant has violated applicable
20 Federal, State, or local law; or

21 “(iii) other good cause for termination
22 of the tenancy exists;

23 “(E) shall provide that any termination of
24 tenancy under this subsection shall be preceded
25 by the provision of written notice by the owner

1 to the tenant specifying the grounds for that
 2 action, and any relief shall be consistent with
 3 applicable State and local law; and

4 “(F) may include any addenda appropriate
 5 to set forth the provisions of this title.

6 “(8) INSPECTION OF UNITS BY PUBLIC HOUS-
 7 ING AGENCIES.—

8 “(A) IN GENERAL.—Except as provided in
 9 subparagraph (B), for each dwelling unit for
 10 which a housing assistance payment contract is
 11 established under this subsection, the public
 12 housing agency shall—

13 “(i) inspect the unit before any assist-
 14 ance payment is made to determine wheth-
 15 er the dwelling unit meets housing quality
 16 standards for decent safe housing
 17 established—

18 “(I) by the Secretary for pur-
 19 poses of this subsection; or

20 “(II) by local housing codes or by
 21 codes adopted by public housing agen-
 22 cies that—

23 “(aa) meet or exceed hous-
 24 ing quality standards; and

1 “(bb) do not severely restrict
2 housing choice; and

3 “(ii) make not less than annual in-
4 spections during the contract term.

5 “(B) LEASING OF UNITS OWNED BY PUB-
6 LIC HOUSING AGENCY.—If an eligible family as-
7 sisted under this subsection leases a dwelling
8 unit (other than public housing) that is owned
9 by a public housing agency administering as-
10 sistance under this subsection, the Secretary
11 shall require the unit of general local govern-
12 ment, or another entity approved by the Sec-
13 retary, to make inspections and rent determina-
14 tions as required by this paragraph.

15 “(9) VACATED UNITS.—If an assisted family
16 vacates a dwelling unit for which rental assistance is
17 provided under a housing assistance contract before
18 the expiration of the term of the lease for the unit,
19 rental assistance pursuant to such contract may not
20 be provided for the unit after the month during
21 which the unit was vacated.

22 “(10) RENT.—

23 “(A) REASONABLE MARKET RENT.—The
24 rent for dwelling units for which a housing as-
25 sistance payment contract is established under

1 this subsection shall be reasonable in compari-
2 son with rents charged for comparable dwelling
3 units in the private, unassisted, local market, or
4 for comparable dwelling units that are in the
5 assisted, local market.

6 “(B) NEGOTIATED RENT.—A public hous-
7 ing agency shall, at the request of a family re-
8 ceiving tenant-based assistance under this sub-
9 section, assist that family in negotiating a rea-
10 sonable rent with a dwelling unit owner. A pub-
11 lic housing agency shall review the rent for a
12 unit under consideration by the family (and all
13 rent increases for units under lease by the fam-
14 ily) to determine whether the rent (or rent in-
15 crease) requested by the owner is reasonable. If
16 a public housing agency determines that the
17 rent (or rent increase) for a dwelling unit is not
18 reasonable, the public housing agency shall not
19 make housing assistance payments to the owner
20 under this subsection with respect to that unit.

21 “(C) UNITS EXEMPT FROM LOCAL RENT
22 CONTROL.—If a dwelling unit for which a hous-
23 ing assistance payment contract is established
24 under this subsection is exempt from local rent
25 control provisions during the term of that con-

1 tract, the rent for that unit shall be reasonable
2 in comparison with other units in the market
3 area that are exempt from local rent control
4 provisions.

5 “(D) TIMELY PAYMENTS.—Each public
6 housing agency shall make timely payment of
7 any amounts due to a dwelling unit owner
8 under this subsection. The housing assistance
9 payment contract between the owner and the
10 public housing agency may provide for penalties
11 for the late payment of amounts due under the
12 contract, which shall be imposed on the public
13 housing agency in accordance with generally ac-
14 cepted practices in the local housing market.

15 “(E) PENALTIES.—Unless otherwise au-
16 thorized by the Secretary, each public housing
17 agency shall pay any penalties from administra-
18 tive fees collected by the public housing agency,
19 except that no penalty shall be imposed if the
20 late payment is due to factors that the Sec-
21 retary determines are beyond the control of the
22 public housing agency.

23 “(11) MANUFACTURED HOUSING.—

24 “(A) IN GENERAL.—A public housing
25 agency may make assistance payments in ac-

1 cordance with this subsection on behalf of a
2 family that utilizes a manufactured home as a
3 principal place of residence. Such payments
4 may be made for the rental of the real property
5 on which the manufactured home owned by any
6 such family is located.

7 “(B) RENT CALCULATION.—

8 “(i) CHARGES INCLUDED.—For as-
9 sistence pursuant to this paragraph, the
10 rent for the space on which a manufac-
11 tured home is located and with respect to
12 which assistance payments are to be made
13 shall include maintenance and manage-
14 ment charges and tenant-paid utilities.

15 “(ii) PAYMENT STANDARD.—The pub-
16 lic housing agency shall establish a pay-
17 ment standard for the purpose of deter-
18 mining the monthly assistance that may be
19 paid for any family under this paragraph.
20 The payment standard may not exceed an
21 amount approved or established by the
22 Secretary.

23 “(iii) MONTHLY ASSISTANCE PAY-
24 MENT.—The monthly assistance payment

1 under this paragraph shall be determined
2 in accordance with paragraph (2).

3 “(12) CONTRACT FOR ASSISTANCE PAY-
4 MENTS.—

5 “(A) IN GENERAL.—If the Secretary en-
6 ters into an annual contributions contract
7 under this subsection with a public housing
8 agency pursuant to which the public housing
9 agency will enter into a housing assistance pay-
10 ment contract with respect to an existing struc-
11 ture under this subsection—

12 “(i) the housing assistance payment
13 contract may not be attached to the struc-
14 ture unless the owner agrees to rehabilitate
15 or newly construct the structure other than
16 with assistance under this Act, and other-
17 wise complies with this section; and

18 “(ii) the public housing agency may
19 approve a housing assistance payment con-
20 tract for such existing structure for not
21 more than 15 percent of the funding avail-
22 able for tenant-based assistance adminis-
23 tered by the public housing agency under
24 this section.

1 “(B) EXTENSION OF CONTRACT TERM.—

2 In the case of a housing assistance payment
3 contract that applies to a structure under this
4 paragraph, a public housing agency may enter
5 into a contract with the owner, contingent upon
6 the future availability of appropriated funds for
7 the purpose of renewing expiring contracts for
8 assistance payments, as provided in appropria-
9 tions Acts, to extend the term of the underlying
10 housing assistance payment contract for such
11 period as the Secretary determines to be appro-
12 priate to achieve long-term affordability of the
13 housing. The contract shall obligate the owner
14 to have such extensions of the underlying hous-
15 ing assistance payment contract accepted by the
16 owner and the successors in interest of the
17 owner.

18 “(C) RENT CALCULATION.—For project-

19 based assistance under this paragraph, housing
20 assistance payment contracts shall establish
21 rents and provide for rent adjustments in ac-
22 cordance with subsection (c).

23 “(D) ADJUSTED RENTS.—With respect to

24 rents adjusted under this paragraph—

1 “(i) the adjusted rent for any unit
 2 shall be reasonable in comparison with
 3 rents charged for comparable dwelling
 4 units in the private, unassisted, local mar-
 5 ket, or for comparable dwelling units that
 6 are in the assisted local market; and

7 “(ii) the provisions of subsection
 8 (c)(2)(C) do not apply.

9 “(13) INAPPLICABILITY TO TENANT-BASED AS-
 10 SISTANCE.—Subsection (c) does not apply to tenant-
 11 based assistance under this subsection.

12 “(14) HOMEOWNERSHIP OPTION.—

13 “(A) IN GENERAL.—A public housing
 14 agency providing assistance under this sub-
 15 section may, at the option of the agency, pro-
 16 vide assistance for homeownership under sub-
 17 section (y).

18 “(B) ALTERNATIVE ADMINISTRATION.—A
 19 public housing agency may contract with a non-
 20 profit organization to administer a homeown-
 21 ership program under subsection (y).

22 “(15) RENTAL VOUCHERS FOR RELOCATION OF
 23 WITNESSES AND VICTIMS OF CRIME.—

24 “(A) IN GENERAL.—Of amounts made
 25 available for assistance under this subsection in

1 each fiscal year, the Secretary, in consultation
2 with the Inspector General, shall make available
3 such sums as may be necessary for the reloca-
4 tion of witnesses in connection with efforts to
5 combat crime in public and assisted housing
6 pursuant to requests from law enforcement or
7 prosecution agencies.

8 “(B) VICTIMS OF CRIME.—

9 “(i) IN GENERAL.—Of amounts made
10 available for assistance under this section
11 in each fiscal year, the Secretary shall
12 make available such sums as may be nec-
13 essary for the relocation of families resid-
14 ing in public housing who are victims of a
15 crime of violence (as that term is defined
16 in section 16 of title 18, United States
17 Code) that has been reported to an appro-
18 priate law enforcement agency.

19 “(ii) NOTICE.—A public housing
20 agency that receives amounts under this
21 subparagraph shall establish procedures
22 for providing notice of the availability of
23 that assistance to families that may be eli-
24 gible for that assistance.”.

1 (b) CONFORMING AMENDMENT.—Section 8(f)(6) of
 2 the United States Housing Act (42 U.S.C. 1437f(f)(6))
 3 is amended by striking “(d)(2)” and inserting “(o)(12)”.

4 **SEC. 202. REPEAL OF FEDERAL PREFERENCES.**

5 (a) SECTION 8 EXISTING AND MODERATE REHABILI-
 6 TATION.—Section 8(d)(1)(A) of the United States Hous-
 7 ing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended
 8 to read as follows:

9 “(A) the selection of tenants shall be the func-
 10 tion of the owner, subject to the annual contribu-
 11 tions contract between the Secretary and the agency,
 12 except that with respect to the certificate and mod-
 13 erate rehabilitation programs only, for the purpose
 14 of selecting families to be assisted, the public hous-
 15 ing agency may establish local preferences, consist-
 16 ent with the public housing agency plan submitted
 17 by the public housing agency under section 5A;”.

18 (b) SECTION 8 NEW CONSTRUCTION AND SUBSTAN-
 19 TIAL REHABILITATION.—

20 (1) REPEAL.—Section 545(c) of the Cranston-
 21 Gonzalez National Affordable Housing Act (42
 22 U.S.C. 1437f note) is amended to read as follows:

23 “(c) [Reserved.]”.

24 (2) PROHIBITION.—The provisions of section
 25 8(e)(2) of the United States Housing Act of 1937,

1 as in existence on the day before October 1, 1983,
 2 that require tenant selection preferences shall not
 3 apply with respect to—

4 (A) housing constructed or substantially
 5 rehabilitated pursuant to assistance provided
 6 under section 8(b)(2) of the United States
 7 Housing Act of 1937, as in existence on the day
 8 before October 1, 1983; or

9 (B) projects financed under section 202 of
 10 the Housing Act of 1959, as in existence on the
 11 day before the date of enactment of the Cran-
 12 ston-Gonzalez National Affordable Housing Act.

13 (c) RENT SUPPLEMENTS.—Section 101(k) of the
 14 Housing and Urban Development Act of 1965 (12 U.S.C.
 15 1701s(k)) is amended to read as follows:

16 “(k) [Reserved.]”.

17 (d) CONFORMING AMENDMENTS.—

18 (1) UNITED STATES HOUSING ACT OF 1937.—
 19 The United States Housing Act of 1937 (42 U.S.C.
 20 1437 et seq.) is amended—

21 (A) in section 6(o), by striking “preference
 22 rules specified in” and inserting “written selec-
 23 tion criteria established pursuant to”;

24 (B) in section 8(d)(2)(A), by striking the
 25 last sentence; and

1 (C) in section 8(d)(2)(H), by striking
 2 “Notwithstanding subsection (d)(1)(A)(i), an”
 3 and inserting “An”.

4 (2) CRANSTON-GONZALEZ NATIONAL AFFORD-
 5 ABLE HOUSING ACT.—The Cranston-Gonzalez Na-
 6 tional Affordable Housing Act (42 U.S.C. 12704 et
 7 seq.) is amended—

8 (A) in section 455(a)(2)(D)(iii), by striking
 9 “would qualify for a preference under” and in-
 10 serting “meet the written selection criteria es-
 11 tablished pursuant to”; and

12 (B) in section 522(f)(6)(B), by striking
 13 “any preferences for such assistance under sec-
 14 tion 8(d)(1)(A)(i)” and inserting “the written
 15 selection criteria established pursuant to section
 16 8(d)(1)(A)”.

17 (3) LOW-INCOME HOUSING PRESERVATION AND
 18 RESIDENT HOMEOWNERSHIP ACT OF 1990.—The sec-
 19 ond sentence of section 226(b)(6)(B) of the Low-In-
 20 come Housing Preservation and Resident Home-
 21 ownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is
 22 amended by striking “requirement for giving pref-
 23 erences to certain categories of eligible families
 24 under” and inserting “written selection criteria es-
 25 tablished pursuant to”.

1 (4) HOUSING AND COMMUNITY DEVELOPMENT
 2 ACT OF 1992.—Section 655 of the Housing and Com-
 3 munity Development Act of 1992 (42 U.S.C. 13615)
 4 is amended by striking “preferences for occupancy”
 5 and all that follows before the period at the end and
 6 inserting “selection criteria established by the owner
 7 to elderly families according to such written selection
 8 criteria, and to near-elderly families according to
 9 such written selection criteria, respectively”.

10 (5) REFERENCES IN OTHER LAW.—Any ref-
 11 erence in any Federal law other than any provision
 12 of any law amended by paragraphs (1) through (5)
 13 of this subsection or section 201 to the preferences
 14 for assistance under section 8(d)(1)(A)(i) or
 15 8(o)(3)(B) of the United States Housing Act of
 16 1937, as those sections existed on the day before the
 17 effective date of this title, shall be considered to
 18 refer to the written selection criteria established pur-
 19 suant to section 8(d)(1)(A) or 8(o)(6)(A), respec-
 20 tively, of the United States Housing Act of 1937, as
 21 amended by this subsection and section 201 of this
 22 Act.

23 **SEC. 203. PORTABILITY.**

24 Section 8(r) of the United States Housing Act of
 25 1937 (42 U.S.C. 1437f(r)) is amended—

1 (1) in paragraph (1)—

2 (A) by striking “assisted under subsection
3 (b) or (o)” and inserting “receiving tenant-
4 based assistance under subsection (o)”; and

5 (B) by striking “the same State” and all
6 that follows before the semicolon and inserting
7 “any area in which a program is being adminis-
8 tered under this section”;

9 (2) in paragraph (2), by striking the last sen-
10 tence;

11 (3) in paragraph (3)—

12 (A) by striking “(b) or”; and

13 (B) by adding at the end the following:
14 “The Secretary shall establish procedures for
15 the compensation of public housing agencies
16 that issue vouchers to families that move into
17 or out of the jurisdiction of the public housing
18 agency under portability procedures. The Sec-
19 retary may reserve amounts available for assist-
20 ance under subsection (o) to compensate those
21 public housing agencies.”; and

22 (4) by adding at the end the following:

23 “(5) LEASE VIOLATIONS.—A family may not receive
24 a voucher from a public housing agency and move to an-
25 other jurisdiction under the tenant-based assistance pro-

1 gram if the family has moved out of the assisted dwelling
 2 unit of the family in violation of a lease.”.

3 **SEC. 204. LEASING TO VOUCHER HOLDERS.**

4 Section 8(t) of the United States Housing Act of
 5 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

6 “(t) [Reserved.]”.

7 **SEC. 205. HOMEOWNERSHIP OPTION.**

8 (a) IN GENERAL.—Section 8(y) of the United States
 9 Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—

10 (1) in paragraph (1)—

11 (A) by striking “A family receiving” and
 12 all that follows through “if the family” and in-
 13 serting the following: “A public housing agency
 14 providing tenant-based assistance on behalf of
 15 an eligible family under this section may pro-
 16 vide assistance for an eligible family that pur-
 17 chases a dwelling unit (including a unit under
 18 a lease-purchase agreement) that will be owned
 19 by 1 or more members of the family, and will
 20 be occupied by the family, if the family”;

21 (B) in subparagraph (A), by inserting be-
 22 fore the semicolon “, or owns or is acquiring
 23 shares in a cooperative”; and

24 (C) in subparagraph (B)—

1 (i) by striking “(i) participates” and
2 all that follows through “(ii) dem-
3 onstrates” and inserting “demonstrates”;
4 and

5 (ii) by inserting “, except that the
6 Secretary may provide for the consider-
7 ation of public assistance in the case of an
8 elderly family or a disabled family” after
9 “other than public assistance”;

10 (2) by striking paragraph (2) and inserting the
11 following:

12 “(2) DETERMINATION OF AMOUNT OF ASSIST-
13 ANCE.—

14 “(A) MONTHLY EXPENSES DO NOT EX-
15 CEED PAYMENT STANDARD.—If the monthly
16 homeownership expenses, as determined in ac-
17 cordance with requirements established by the
18 Secretary, do not exceed the payment standard,
19 the monthly assistance payment shall be the
20 amount by which the homeownership expenses
21 exceed the highest of the following amounts,
22 rounded to the nearest dollar:

23 “(i) Thirty percent of the monthly ad-
24 justed income of the family.

1 “(ii) Ten percent of the monthly in-
2 come of the family.

3 “(iii) If the family is receiving pay-
4 ments for welfare assistance from a public
5 agency, and a portion of those payments,
6 adjusted in accordance with the actual
7 housing costs of the family, is specifically
8 designated by that agency to meet the
9 housing costs of the family, the portion of
10 those payments that is so designated.

11 “(B) MONTHLY EXPENSES EXCEED PAY-
12 MENT STANDARD.—If the monthly homeowner-
13 ship expenses, as determined in accordance with
14 requirements established by the Secretary, ex-
15 ceed the payment standard, the monthly assist-
16 ance payment shall be the amount by which the
17 applicable payment standard exceeds the high-
18 est of the following amounts, rounded to the
19 nearest dollar:

20 “(i) Thirty percent of the monthly ad-
21 justed income of the family.

22 “(ii) Ten percent of the monthly in-
23 come of the family.

24 “(iii) If the family is receiving pay-
25 ments for welfare assistance from a public

1 agency and a part of those payments, ad-
 2 justed in accordance with the actual hous-
 3 ing costs of the family, is specifically des-
 4 ignated by that agency to meet the housing
 5 costs of the family, the portion of those
 6 payments that is so designated.”;

7 (3) by striking paragraphs (3) and (4) and in-
 8 serting the following:

9 “(3) INSPECTIONS AND CONTRACT CONDI-
 10 TIONS.—

11 “(A) IN GENERAL.—Each contract for the
 12 purchase of a unit to be assisted under this sec-
 13 tion shall—

14 “(u) provide for pre-purchase inspec-
 15 tion of the unit by an independent profes-
 16 sional; and

17 “(ii) require that any cost of nec-
 18 essary repairs be paid by the seller.

19 “(B) ANNUAL INSPECTIONS NOT RE-
 20 QUIRED.—The requirement under subsection
 21 (o)(8)(A)(ii) for annual inspections shall not
 22 apply to units assisted under this section.

23 “(4) OTHER AUTHORITY OF THE SECRETARY.—
 24 The Secretary may—

1 “(A) limit the term of assistance for a
2 family assisted under this subsection; and

3 “(B) modify the requirements of this sub-
4 section as the Secretary determines to be nec-
5 essary to make appropriate adaptations for
6 lease-purchase agreements.”;

7 (4) by striking paragraph (5); and

8 (5) by redesignating paragraphs (6) through
9 (8) as paragraphs (5) through (7), respectively.

10 (b) DEMONSTRATION.—

11 (1) IN GENERAL.—With the consent of the af-
12 fected public housing agencies, the Secretary may
13 carry out (or contract with 1 or more entities to
14 carry out) a demonstration program under section
15 8(y) of the United States Housing Act of 1937 (42
16 U.S.C. 1437f(y)) to expand homeownership opportu-
17 nities for low-income families.

18 (2) REPORT.—The Secretary shall report annu-
19 ally to Congress on activities conducted under this
20 subsection.

21 **SEC. 206. LAW ENFORCEMENT AND SECURITY PERSONNEL**

22 **IN PUBLIC HOUSING.**

23 Section 8 of the United States Housing Act of 1937
24 (42 U.S.C. 1437f) is amended by adding at the end the
25 following:

1 “(cc) LAW ENFORCEMENT AND SECURITY PERSON-
2 NEL.—

3 “(1) IN GENERAL.—Notwithstanding any other
4 provision of this Act, in the case of assistance at-
5 tached to a structure, for the purpose of increasing
6 security for the residents of a public housing project,
7 an owner may admit, and assistance may be pro-
8 vided to, police officers and other security personnel
9 who are not otherwise eligible for assistance under
10 the Act).

11 “(2) RENT REQUIREMENTS.—With respect to
12 any assistance provided by an owner under this sub-
13 section, the Secretary may—

14 “(A) permit the owner to establish such
15 rent requirements and other terms and condi-
16 tions of occupancy that the Secretary considers
17 to be appropriate; and

18 “(B) require the owner to submit an appli-
19 cation for those rent requirements, which appli-
20 cation shall include such information as the
21 Secretary, in the discretion of the Secretary, de-
22 termines to be necessary.”.

1 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

2 (a) LOWER INCOME HOUSING ASSISTANCE.—Section
3 8 of the United States Housing Act of 1937 (42 U.S.C.
4 1437f) is amended—

5 (1) in subsection (a), by striking the second and
6 third sentences;

7 (2) in subsection (b)—

8 (A) in the subsection heading, by striking
9 “RENTAL CERTIFICATES AND”; and

10 (B) in the first undesignated paragraph—

11 (i) by striking “The Secretary” and
12 inserting the following:

13 “(1) IN GENERAL.—The Secretary”; and

14 (ii) by striking the second sentence;

15 (3) in subsection (c)—

16 (A) in paragraph (3)—

17 (i) by striking “(A)”; and

18 (ii) by striking subparagraph (B);

19 (B) in the first sentence of paragraph (4),
20 by striking “or by a family that qualifies to re-
21 ceive” and all that follows through “1990”;

22 (C) by striking paragraph (5) and redesign-
23 ating paragraph (6) as paragraph (5);

24 (D) by striking paragraph (7) and redesign-
25 ating paragraphs (8) through (10) as para-
26 graphs (6) through (8), respectively;

1 (E) effective on October 1, 1997, in para-
 2 graph (7), as redesignated, by striking “housing
 3 certificates or vouchers under subsection (b)
 4 or” and inserting “a voucher under subsection”;
 5 and

6 (F) in paragraph (8), as redesignated, by
 7 striking “(9)” and inserting “(7)”;
 8 (4) in subsection (d)—

9 (A) in paragraph (1)(B)(iii), by striking
 10 “drug-related criminal activity on or near such
 11 premises” and inserting “violent or drug-related
 12 criminal activity on or off such premises, or any
 13 activity resulting in a felony conviction”;

14 (B) in paragraph (2)—

15 (i) in subparagraph (A), by striking
 16 the third sentence and all that follows
 17 through the end of the subparagraph; and

18 (ii) by striking subparagraphs (B)
 19 through (E) and redesignating subpara-
 20 graphs (F) through (H) as subparagraphs
 21 (B) through (D), respectively;

22 (5) in subsection (f)—

23 (A) in paragraph (6), by striking “(d)(2)”
 24 and inserting “(o)(11)”;

25 (B) in paragraph (7)—

1 (i) by striking “(b) or”; and

2 (ii) by inserting before the period the
3 following: “and that provides for the eligi-
4 ble family to select suitable housing and to
5 move to other suitable housing”;

6 (6) by striking subsection (j) and inserting the
7 following:

8 “(j) [Reserved.]”;

9 (7) by striking subsection (n) and inserting the
10 following:

11 “(n) [Reserved.]”;

12 (8) in subsection (q)—

13 (A) in the first sentence of paragraph (1),
14 by striking “certificate and housing voucher
15 programs under subsections (b) and (o)” and
16 inserting “voucher program under this section”;

17 (B) in paragraph (2)(A)(i), by striking
18 “certificate and housing voucher programs
19 under subsections (b) and (o)” and inserting
20 “voucher program under this section”; and

21 (C) in paragraph (2)(B), by striking “cer-
22 tificate and housing voucher programs under
23 subsections (b) and (o)” and inserting “voucher
24 program under this section”;

25 (9) in subsection (u)—

1 (A) in paragraph (2), by striking “, certifi-
 2 cates”; and

3 (B) by striking “certificates or” each place
 4 that term appears; and

5 (10) in subsection (x)(2), by striking “housing
 6 certificate assistance” and inserting “tenant-based
 7 assistance”.

8 (b) PUBLIC HOUSING HOMEOWNERSHIP AND MAN-
 9 AGEMENT OPPORTUNITIES.—Section 21(b)(3) of the
 10 United States Housing Act of 1937 (42 U.S.C.
 11 1437s(b)(3)) is amended—

12 (1) in the first sentence, by striking “(at the
 13 option of the family) a certificate under section
 14 8(b)(1) or a housing voucher under section 8(o)”
 15 and inserting “tenant-based assistance under section
 16 8”; and

17 (2) by striking the second sentence.

18 (c) DOCUMENTATION OF EXCESSIVE RENT BUR-
 19 DENS.—Section 550(b) of the Cranston-Gonzalez National
 20 Affordable Housing Act (42 U.S.C. 1437f note) is
 21 amended—

22 (1) in paragraph (1), by striking “assisted
 23 under the certificate and voucher programs estab-
 24 lished” and inserting “receiving tenant-based assist-
 25 ance”;

1 (2) in the first sentence of paragraph (2)—

2 (A) by striking “, for each of the certifi-
3 cate program and the voucher program” and in-
4 serting “for the tenant-based assistance under
5 section 8”; and

6 (B) by striking “participating in the pro-
7 gram” and inserting “receiving tenant-based as-
8 sistance”; and

9 (3) in paragraph (3), by striking “assistance
10 under the certificate or voucher program” and in-
11 serting “tenant-based assistance under section 8 of
12 the United States Housing Act of 1937”.

13 (d) GRANTS FOR COMMUNITY RESIDENCES AND
14 SERVICES.—Section 861(b)(1)(D) of the Cranston-Gon-
15 zalez National Affordable Housing Act (42 U.S.C.
16 12910(b)(1)(D)) is amended by striking “certificates or
17 vouchers” and inserting “assistance”.

18 (e) SECTION 8 CERTIFICATES AND VOUCHERS.—Sec-
19 tion 931 of the Cranston-Gonzalez National Affordable
20 Housing Act (42 U.S.C. 1437c note) is amended by strik-
21 ing “assistance under the certificate and voucher pro-
22 grams under sections 8(b) and (o) of such Act” and insert-
23 ing “tenant-based assistance under section 8 of the United
24 States Housing Act of 1937”.

1 (f) ASSISTANCE FOR DISPLACED RESIDENTS.—Sec-
2 tion 223(a) of the Housing and Community Development
3 Act of 1987 (12 U.S.C. 4113(a)) is amended by striking
4 “assistance under the certificate and voucher programs
5 under sections 8(b) and 8(o)” and inserting “tenant-based
6 assistance under section 8”.

7 (g) RURAL HOUSING PRESERVATION GRANTS.—Sec-
8 tion 533(a) of the Housing Act of 1949 (42 U.S.C.
9 1490m(a)) is amended in the second sentence by striking
10 “assistance payments as provided by section 8(o)” and in-
11 serting “tenant-based assistance as provided under section
12 8”.

13 (h) REPEAL OF MOVING TO OPPORTUNITIES FOR
14 FAIR HOUSING DEMONSTRATION.—Section 152 of the
15 Housing and Community Development Act of 1992 (42
16 U.S.C. 1437f note) is repealed.

17 (i) PREFERENCES FOR ELDERLY FAMILIES AND
18 PERSONS.—Section 655 of the Housing and Community
19 Development Act of 1992 (42 U.S.C. 13615) is amended
20 by striking “the first sentence of section 8(o)(3)(B)” and
21 inserting “section 8(o)(6)(A)”.

22 (j) ASSISTANCE FOR TROUBLED MULTIFAMILY
23 HOUSING PROJECTS.—Section 201(m)(2)(A) of the Hous-
24 ing and Community Development Amendments of 1978

1 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended by striking
2 “section 8(b)(1)” and inserting “section 8”.

3 (k) MANAGEMENT AND DISPOSITION OF MULTIFAM-
4 ILY HOUSING PROJECTS.—Section 203(g)(2) of the Hous-
5 ing and Community Development Amendments of 1978
6 (12 U.S.C. 1701z–11(g)(2)) is amended by striking
7 “8(o)(3)(B)” and inserting “8(o)(6)(A)”.

8 **SEC. 208. IMPLEMENTATION.**

9 In accordance with the negotiated rulemaking proce-
10 dures set forth in subchapter III of chapter 5 of title 5,
11 United States Code, the Secretary shall issue such regula-
12 tions as may be necessary to implement the amendments
13 made by this title after notice and opportunity for public
14 comment.

15 **SEC. 209. DEFINITION.**

16 In this title, the term “public housing agency” has
17 the same meaning as section 3 of the United States Hous-
18 ing Act of 1937, except that such term shall also include
19 any other nonprofit entity serving more than 1 local gov-
20 ernment jurisdiction that was administering the section 8
21 tenant-based assistance program pursuant to a contract
22 with the Secretary or a public housing agency prior to the
23 date of enactment of this Act.

1 **SEC. 210. EFFECTIVE DATE.**

2 (a) IN GENERAL.—The amendments made by this
3 title shall become effective not later than 1 year after the
4 date of enactment of this Act.

5 (b) CONVERSION ASSISTANCE.—

6 (1) IN GENERAL.—The Secretary may provide
7 for the conversion of assistance under the certificate
8 and voucher programs under subsections (b) and (o)
9 of section 8 of the United States Housing Act of
10 1937, as those sections existed on the day before the
11 effective date of the amendments made by this title,
12 to the voucher program established by the amend-
13 ments made by this title.

14 (2) CONTINUED APPLICABILITY.—The Sec-
15 retary may apply the provisions of the United States
16 Housing Act of 1937, or any other provision of law
17 amended by this title, as those provisions existed on
18 the day before the effective date of the amendments
19 made by this title, to assistance obligated by the
20 Secretary before that effective date for the certifi-
21 cate or voucher program under section 8 of the
22 United States Housing Act of 1937, if the Secretary
23 determines that such action is necessary for sim-
24 plification of program administration, avoidance of
25 hardship, or other good cause.

1 **SEC. 211. RECAPTURE AND REUSE OF ANNUAL CONTRIBU-**
 2 **TION CONTRACT PROJECT RESERVES UNDER**
 3 **THE TENANT-BASED ASSISTANCE PROGRAM.**

4 Section 8(d) of the United States Housing Act of
 5 1937 is amended by adding at the end the following:

6 “(5) RECAPTURE AND REUSE OF ANNUAL CON-
 7 TRIBUTION CONTRACT PROJECT RESERVES.—

8 “(A) RECAPTURE.—To the extent that the
 9 Secretary determines that the amount in the
 10 annual contribution contract reserve account
 11 under a contract with a public housing agency
 12 for tenant-based assistance under this section is
 13 in excess of the amount needed by the public
 14 housing agency, the Secretary shall recapture
 15 such excess amount.

16 “(B) REUSE.—The Secretary may hold
 17 any amounts under this paragraph in reserve
 18 until needed to amend or renew an annual con-
 19 tributions contract with any public housing
 20 agency.”.

21 **TITLE III—SAFETY AND SECU-**
 22 **RITY IN PUBLIC AND AS-**
 23 **SISTED HOUSING**

24 **SEC. 301. SCREENING OF APPLICANTS.**

25 (a) INELIGIBILITY BECAUSE OF PAST EVICTIONS.—

1 (1) IN GENERAL.—Any household or member of
 2 a household evicted from federally assisted housing
 3 (as that term is defined in section 305(1)) by reason
 4 of drug-related criminal activity (as that term is de-
 5 fined in section 305(3)) or for other serious viola-
 6 tions of the terms or conditions of the lease shall not
 7 be eligible for federally assisted housing—

8 (A) in the case of eviction by reason of
 9 drug-related criminal activity, for a period of
 10 not less than 3 years from the date of the evic-
 11 tion unless the evicted member of the household
 12 successfully completes a rehabilitation program;
 13 and

14 (B) for other evictions, for a reasonable
 15 period of time as determined by the public
 16 housing agency or owner of the federally as-
 17 sisted housing, as applicable.

18 (2) WAIVER.—The requirements of subpara-
 19 graphs (A) and (B) of paragraph (1) may be waived
 20 if the circumstances leading to eviction no longer
 21 exist.

22 (b) INELIGIBILITY OF ILLEGAL DRUG USERS AND
 23 ALCOHOL ABUSERS.—

24 (1) IN GENERAL.—Notwithstanding any other
 25 provision of law, a public housing agency shall estab-

lish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(A) who the public housing agency determines is engaging in the illegal use of a controlled substance; or

(B) with respect to whom the public housing agency determines that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol would interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(2) OWNERS OF FEDERALLY ASSISTED HOUSING.—The Secretary may require any owner of federally assisted housing to establish admission standards under this subsection.

(3) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1)(B), to deny admission to the program or to federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public

1 housing agency may consider whether such house-
2 hold member—

3 (A) has successfully completed a super-
4 vised drug or alcohol rehabilitation program (as
5 applicable) and is no longer engaging in the ille-
6 gal use of a controlled substance or abuse of al-
7 cohol (as applicable);

8 (B) has otherwise been rehabilitated suc-
9 cessfully and is no longer engaging in the illegal
10 use of a controlled substance or abuse of alco-
11 hol (as applicable); or

12 (C) is participating in a supervised drug or
13 alcohol rehabilitation program (as applicable)
14 and is no longer engaging in the illegal use of
15 a controlled substance or abuse of alcohol (as
16 applicable).

17 (c) PROCEDURE FOR RECEIPT OF INFORMATION
18 FROM A DRUG ABUSE TREATMENT FACILITY ABOUT THE
19 CURRENT ILLEGAL USE OF A CONTROLLED SUB-
20 STANCE.—

21 (1) DEFINITIONS.—In this subsection:

22 (A) DRUG ABUSE TREATMENT FACILITY.—
23 The term “drug abuse treatment facility”
24 means—

1 (i) an entity other than a general
2 medical care facility; or

3 (ii) an identified unit within a general
4 medical care facility which holds itself out
5 as providing, and provides, diagnosis,
6 treatment, or referral for treatment with
7 respect to the illegal use of a controlled
8 substance.

9 (B) CONTROLLED SUBSTANCE.—The term
10 “controlled substance” has the meaning given
11 the term in section 102 of the Controlled Sub-
12 stances Act (21 U.S.C. 802).

13 (C) CURRENTLY ENGAGING IN THE ILLE-
14 GAL USE OF A CONTROLLED SUBSTANCE.—The
15 term “currently engaging in the illegal use of a
16 controlled substance” means the illegal use of a
17 controlled substance that occurred recently
18 enough to justify a reasonable belief that an ap-
19 plicant’s illegal use of a controlled substance is
20 current or that continuing illegal use of a con-
21 trolled substance by the applicant is a real and
22 ongoing problem.

23 (2) AUTHORITY.—Notwithstanding any other
24 provision of law other than the Public Health Serv-
25 ice Act (42 U.S.C. 201 et seq.), a public housing

1 agency may require each person who applies for ad-
2 mission to public housing to sign 1 or more forms
3 of written consent authorizing the public housing
4 agency to receive information from a drug abuse
5 treatment facility that is solely related to whether
6 the applicant is currently engaging in the illegal use
7 of a controlled substance.

8 (3) RESTRICTIONS TO PROTECT THE CON-
9 FIDENTIALITY OF AN APPLICANT'S RECORDS.—

10 (A) LIMITATION ON THE KIND AND
11 AMOUNT OF INFORMATION REQUESTED ON
12 FORM OF WRITTEN CONSENT.—In a form of
13 written consent, a public housing agency may
14 request only whether the drug abuse treatment
15 facility has reasonable cause to believe that the
16 applicant is currently engaging in the illegal use
17 of a controlled substance.

18 (B) RECORDS MANAGEMENT.—Each public
19 housing agency that receives information under
20 this subsection from a drug abuse treatment fa-
21 cility shall establish and implement a system of
22 records management that ensures that any in-
23 formation received by the public housing agency
24 under this subsection—

(i) is maintained confidentially in accordance with section 543 of the Public Health Service Act (12 U.S.C. 290dd-2);

(ii) is not misused or improperly disseminated; and

(iii) is destroyed, as applicable—

(I) not later than 5 business days after the date on which the public housing agency gives final approval for an application for admission; or

(II) if the public housing agency denies the application for admission, in a timely manner after the date on which the statute of limitations for the commencement of a civil action from the applicant based upon that denial of admission has expired.

(C) EXPIRATION OF WRITTEN CONSENT.—

In addition to the requirements of subparagraph (B), an applicant's signed written consent shall expire automatically after the public housing agency has made a final decision to either approve or deny the applicant's application for admittance to public housing.

1 (4) RESTRICTIONS TO PROHIBIT THE DISCRIMI-
2 NATORY TREATMENT OF APPLICANTS.—

3 (A) FORMS SIGNED.—A public housing
4 agency may only require an applicant for ad-
5 mission to public housing to sign 1 or more
6 forms of written consent under this subsection
7 if the public housing agency requires all such
8 applicants to sign the same form or forms of
9 written consent.

10 (B) CIRCUMSTANCES OF INQUIRY.—A pub-
11 lic housing agency may only make an inquiry to
12 a drug abuse treatment facility under this sub-
13 section if—

14 (i) the public housing agency makes
15 the same inquiry with respect to all appli-
16 cants; or

17 (ii) the public housing agency only
18 makes the same inquiry with respect to
19 each and every applicant with respect to
20 whom—

21 (I) the public housing agency re-
22 ceives information from the criminal
23 record of the applicant that indicates
24 evidence of a prior arrest or convic-
25 tion; or

1 (II) the public housing agency re-
 2 ceives information from the records of
 3 prior tenancy of the applicant that
 4 demonstrates that the applicant—

5 (aa) engaged in the destruc-
 6 tion of property;

7 (bb) engaged in violent ac-
 8 tivity against another person; or

9 (cc) interfered with the right
 10 of peaceful enjoyment of the
 11 premises of another tenant.

12 (5) FEE PERMITTED.—A drug abuse treatment
 13 facility may charge a public housing agency a rea-
 14 sonable fee for information provided under this sub-
 15 section.

16 (6) DISCLOSURE PERMITTED BY DRUG ABUSE
 17 TREATMENT FACILITIES.—A drug abuse treatment
 18 facility shall not be liable for damages based on any
 19 information required to be disclosed pursuant to this
 20 subsection if such disclosure is consistent with sec-
 21 tion 543 of the Public Health Service Act (42
 22 U.S.C. 290dd-2).

23 (7) PUBLIC HOUSING AGENCIES NOT REQUIRED
 24 TO MAKE INQUIRIES TO DRUG ABUSE TREATMENT
 25 FACILITIES.—A public housing agency shall not be

1 liable for damages based on its decision not to re-
2 quire each person who applies for admission to pub-
3 lic housing to sign 1 or more forms of written con-
4 sent authorizing the public housing agency to receive
5 information from a drug abuse treatment facility
6 under this subsection.

7 (8) EFFECTIVE DATE.—This subsection shall
8 take effect upon enactment and without the neces-
9 sity of guidance from, or any regulation issued by,
10 the Secretary.

11 (d) STUDY AND REPORT.—Not later than 1 year
12 after the date of enactment of this Act, the Comptroller
13 General of the United States shall conduct a study, and
14 submit to the Committee on Banking, Housing, and
15 Urban Affairs of the Senate a report that includes infor-
16 mation relating to—

17 (1) the proportion of United States public hous-
18 ing agencies that screen applicants for drug and al-
19 cohol addiction;

20 (2) the extent, if any, to which the screening
21 described in paragraph (1), alone or in combination
22 with other initiatives, has reduced crime in public
23 housing; and

24 (3) the relative value of different types of infor-
25 mation used by public housing agencies in the

1 screening process described in paragraph (1), includ-
2 ing criminal records, credit histories, tenancy
3 records, and information from drug abuse treatment
4 facilities on current illegal drug use of applicants (as
5 that term is defined in subsection (c)(1)).

6 (e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL
7 RECORDS.—A public housing agency may require, as a
8 condition of providing admission to the public housing pro-
9 gram or assisted housing program under the jurisdiction
10 of the public housing agency, that each adult member of
11 the household provide a signed, written authorization for
12 the public housing agency to obtain records described in
13 section 304 regarding such member of the household from
14 the National Crime Information Center, police depart-
15 ments, and other law enforcement agencies.

16 (f) INELIGIBILITY OF SEXUALLY VIOLENT PREDA-
17 TORS FOR ADMISSION TO PUBLIC HOUSING.—

18 (1) IN GENERAL.—Notwithstanding any other
19 provision of law, a public housing agency shall pro-
20 hibit admission to public or assisted housing of any
21 family that includes any individual who is a sexually
22 violent predator.

23 (2) DEFINITION.—In this subsection, the term
24 ‘sexually violent predator’ means an individual
25 who—

1 (A) is a sexually violent predator (as that
2 term is defined in section 170101(a)(3) of the
3 Violent Crime Control and Law Enforcement
4 Act of 1994 (42 U.S.C. 14071(a)(3))); and

5 (B) is subject to a registration requirement
6 under section 170101(a)(1)(B) or 170102(c) of
7 the Violent Crime Control and Law Enforce-
8 ment Act of 1994 (42 U.S.C. 14071(a)(1)(B),
9 14072(c)), as provided under section
10 170101(b)(6)(B) or 170102(d)(2), respectively,
11 of that Act.

12 **SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.**

13 (a) **TERMINATION OF TENANCY AND ASSISTANCE**
14 **FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—**
15 Notwithstanding any other provision of law, a public hous-
16 ing agency or an owner of federally assisted housing, as
17 applicable, shall establish standards or lease provisions for
18 continued assistance or occupancy in federally assisted
19 housing that allow a public housing agency or the owner,
20 as applicable, to terminate the tenancy or assistance for
21 any household with a member—

22 (1) who the public housing agency or owner de-
23 termines is engaging in the illegal use of a controlled
24 substance; or

1 (2) whose illegal use of a controlled substance,
 2 or whose abuse of alcohol, is determined by the pub-
 3 lic housing agency or owner to interfere with the
 4 health, safety, or right to peaceful enjoyment of the
 5 premises by other residents.

6 (b) **TERMINATION OF ASSISTANCE FOR SERIOUS OR**
 7 **REPEATED LEASE VIOLATION.**—Notwithstanding any
 8 other provision of law, the public housing agency must ter-
 9 minate tenant-based assistance for all household members
 10 if the household is evicted from assisted housing for seri-
 11 ous or repeated violation of the lease.

12 **SEC. 303. LEASE REQUIREMENTS.**

13 In addition to any other applicable lease require-
 14 ments, each lease for a dwelling unit in federally assisted
 15 housing shall provide that, during the term of the lease—

16 (1) the owner may not terminate the tenancy
 17 except for serious or repeated violation of the terms
 18 and conditions of the lease, violation of applicable
 19 Federal, State, or local law, or other good cause;
 20 and

21 (2) grounds for termination of tenancy shall in-
 22 clude any activity, engaged in by the resident, any
 23 member of the resident's household, any guest, or
 24 any other person under the control of any member
 25 of the household, that—

1 (A) threatens the health or safety of, or
 2 right to peaceful enjoyment of the premises by,
 3 other residents or employees of the public hous-
 4 ing agency, owner, or other manager of the
 5 housing;

6 (B) threatens the health or safety of, or
 7 right to peaceful enjoyment of their residences
 8 by, persons residing in the immediate vicinity of
 9 the premises; or

10 (C) is drug-related or violent criminal ac-
 11 tivity on or off the premises, or any activity re-
 12 sulting in a felony conviction.

13 **SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUB-**
 14 **LIC HOUSING RESIDENT SCREENING AND**
 15 **EVICTON.**

16 (a) IN GENERAL.—

17 (1) PROVISION OF INFORMATION.—Notwith-
 18 standing any other provision of law other than para-
 19 graph (2), upon the request of a public housing
 20 agency, the National Crime Information Center, a
 21 police department, and any other law enforcement
 22 agency shall provide to the public housing agency in-
 23 formation regarding the criminal conviction records
 24 of an adult applicant for, or residents of, the public
 25 housing program or assisted housing program under

1 the jurisdiction of the public housing agency for pur-
 2 poses of applicant screening, lease enforcement, and
 3 eviction, but only if the public housing agency re-
 4 quests such information and presents to such Cen-
 5 ter, department, or agency a written authorization,
 6 signed by such applicant, for the release of such in-
 7 formation to such public housing agency.

8 (2) EXCEPTION.—A law enforcement agency
 9 described in paragraph (1) shall provide information
 10 under this paragraph relating to any criminal con-
 11 viction of a juvenile only to the extent that the re-
 12 lease of such information is authorized under the
 13 law of the applicable State, tribe, or locality.

14 (b) INFORMATION REGARDING CRIMES COMMITTED
 15 BY SEXUALLY VIOLENT PREDATORS AND CRIMES
 16 AGAINST CHILDREN.—

17 (1) DEFINITION OF APPROPRIATE LAW EN-
 18 FORCEMENT AGENCY.—In this subsection, the term
 19 “appropriate law enforcement agency” means—

20 (A) the Federal Bureau of Investigation;

21 (B) a State law enforcement agency des-
 22 ignated as a registration agency under a State
 23 registration program under subtitle A of title
 24 XVII of the Violent Crime Control and Law

1 Enforcement Act of 1994 (42 U.S.C. 14071 et
2 seq.); or

3 (C) any local law enforcement agency au-
4 thorized by a State law enforcement agency de-
5 scribed in subparagraph (B).

6 (2) PROVISION OF INFORMATION.—Notwith-
7 standing any other provision of law other than sub-
8 section (a)(2), the appropriate law enforcement
9 agency shall provide to a public housing agency any
10 information collected under the national database es-
11 tablished pursuant to section 170102 of the Violent
12 Crime Control and Law Enforcement Act of 1994
13 (42 U.S.C. 14072), or under a State registration
14 program under subtitle A of title XVII of the Vio-
15 lent Crime Control and Law Enforcement Act of
16 1994 (42 U.S.C. 14071 et seq.), as applicable, re-
17 garding an adult who is an applicant for, or a resi-
18 dent of, federally assisted housing, for purposes of
19 applicant screening, lease enforcement, or eviction, if
20 the public housing agency—

21 (A) requests the information; and

22 (B) presents to the appropriate law en-
23 forcement agency a written authorization,
24 signed by the adult at issue, for the release of

1 that information to the public housing agency
2 or other owner of the federally assisted housing.

3 (c) OPPORTUNITY TO DISPUTE.—Before an adverse
4 action is taken with regard to assistance for public hous-
5 ing on the basis of a criminal record, the public housing
6 agency shall provide the resident or applicant with a copy
7 of the criminal record and an opportunity to dispute the
8 accuracy and relevance of that record.

9 (d) RECORDS MANAGEMENT.—Each public housing
10 agency that receives criminal record information under
11 this section shall establish and implement a system of
12 records management that ensures that any criminal record
13 received by the agency is—

- 14 (1) maintained confidentially;
15 (2) not misused or improperly disseminated;
16 and
17 (3) destroyed in a timely fashion, once the pur-
18 pose for which the record was requested has been
19 accomplished.

20 (e) FEE.—A public housing agency may be charged
21 a reasonable fee for information provided under this sec-
22 tion.

23 (f) DEFINITION OF ADULT.—In this section, the term
24 “adult” means a person who is 18 years of age or older,

1 or who has been convicted of a crime as an adult under
2 any Federal, State, or tribal law.

3 **SEC. 305. DEFINITIONS.**

4 In this title:

5 (1) **FEDERALLY ASSISTED HOUSING.**—The
6 term “federally assisted housing” means a unit in—

7 (A) public housing under the United States
8 Housing Act of 1937;

9 (B) housing assisted under section 8 of the
10 United States Housing Act of 1937 including
11 both tenant-based assistance and project-based
12 assistance;

13 (C) housing that is assisted under section
14 202 of the Housing Act of 1959 (as amended
15 by section 801 of the Cranston-Gonzalez Na-
16 tional Affordable Housing Act);

17 (D) housing that is assisted under section
18 202 of the Housing Act of 1959 (as in existence
19 immediately before the date of enactment of the
20 Cranston-Gonzalez National Affordable Hous-
21 ing Act); and

22 (E) housing that is assisted under section
23 811 of the Cranston-Gonzalez National Afford-
24 able Housing Act.

1 (2) DRUG-RELATED CRIMINAL ACTIVITY.—The
 2 term “drug-related criminal activity” means the ille-
 3 gal manufacture, sale, distribution, use, or posses-
 4 sion with intent to manufacture, sell, distribute, or
 5 use, of a controlled substance (as defined in section
 6 102 of the Controlled Substances Act (21 U.S.C.
 7 802)).

8 (3) OWNER.—The term “owner” means, with
 9 respect to federally assisted housing, the entity or
 10 private person, including a cooperative or public
 11 housing agency, that has the legal right to lease or
 12 sublease dwelling units in such housing.

13 **SEC. 306. CONFORMING AMENDMENTS.**

14 Section 6 of the United States Housing Act of 1937
 15 (42 U.S.C. 1437d) is amended—

16 (1) in subsection (l) (as amended by section
 17 107(f) of this Act)—

18 (A) by striking paragraphs (4) and (5);

19 (B) by striking the last sentence; and

20 (C) by redesignating paragraphs (6)
 21 through (8) as paragraphs (4) through (6), re-
 22 spectively;

23 (2) by striking subsections (q) and (r); and

24 (3) by redesignating subsection (s) (as added by
 25 section 109 of this Act) as subsection (q).

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking “(16)” and inserting “(17)”;

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

1 (6) by inserting after paragraph (10) the fol-
 2 lowing:

3 “(11) describe the manner in which the plan of
 4 the jurisdiction will help address the needs of public
 5 housing and is consistent with the local public hous-
 6 ing agency plan under section 5A of the United
 7 States Housing Act of 1937;”.

8 **SEC. 402. DETERMINATION OF INCOME LIMITS.**

9 (a) IN GENERAL.—Section 3(b)(2) of the United
 10 States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is
 11 amended—

12 (1) in the fourth sentence—

13 (A) by striking “County,” and inserting
 14 “and Rockland Counties”; and

15 (B) by inserting “each” before “such coun-
 16 ty”; and

17 (2) in the fifth sentence, by striking “County”
 18 each place that term appears and inserting “and
 19 Rockland Counties”.

20 (b) REGULATIONS.—Not later than 90 days after the
 21 date of enactment of this Act, the Secretary shall issue
 22 regulations implementing the amendments made by sub-
 23 section (a).

1 **SEC. 403. DEMOLITION OF PUBLIC HOUSING.**

2 Notwithstanding any other provision of law, begin-
 3 ning on the date of enactment of this Act, the public hous-
 4 ing projects described in section 415 of the Department
 5 of Housing and Urban Development—Independent Agen-
 6 cies Appropriations Act, 1988 (as in existence on April
 7 25, 1996) shall be eligible for demolition under—

8 (1) section 9 of the United States Housing Act
 9 of 1937, as amended by this Act; and

10 (2) section 14 of the United States Housing
 11 Act of 1937, as that section existed on the day be-
 12 fore the date of enactment of this Act.

13 **SEC. 404. NATIONAL COMMISSION ON HOUSING ASSIST-**
 14 **ANCE PROGRAM COSTS.**

15 (a) DEFINITIONS.—In this section—

16 (1) the term “Commission” means the National
 17 Commission on Housing Assistance Program Costs
 18 established in subsection (b);

19 (2) the term “Federal assisted housing pro-
 20 grams” means—

21 (A) the public housing program under the
 22 United States Housing Act of 1937;

23 (B) the certificate program for rental as-
 24 sistance under section 8(b)(1) of the United
 25 States Housing Act of 1937;

1 (C) the voucher program for rental assist-
2 ance under section 8(o) of the United States
3 Housing Act of 1937;

4 (D) the programs for project-based assist-
5 ance under section 8 of the United States
6 Housing Act of 1937;

7 (E) the rental assistance payments pro-
8 gram under section 521(a)(2)(A) of the Hous-
9 ing Act of 1949;

10 (F) the program for housing for the elderly
11 under section 202 of the Housing Act of 1959;

12 (G) the program for housing for persons
13 with disabilities under section 811 of the Cran-
14 ston-Gonzalez National Affordable Housing Act;

15 (H) the program for financing housing by
16 a loan or mortgage insured under section
17 221(d)(3) of the National Housing Act that
18 bears interest at a rate determined under the
19 proviso of section 221(d)(5) of such Act;

20 (I) the program under section 236 of the
21 National Housing Act;

22 (J) the program for constructed or sub-
23 stantial rehabilitation under section 8(b)(2) of
24 the United States Housing Act of 1937, as in
25 effect before October 1, 1983; and

1 (K) any other program for housing assist-
2 ance administered by the Secretary of Housing
3 and Urban Development or the Secretary of
4 Agriculture, under which occupancy in the
5 housing assisted or housing assistance provided
6 is based on income, as the Commission may de-
7 termine; and

8 (3) the term “Secretary” means the Secretary
9 of Housing and Urban Development.

10 (b) ESTABLISHMENT; PURPOSE.—

11 (1) ESTABLISHMENT.—There is established a
12 commission to be known as the “National Commis-
13 sion on Housing Assistance Program Costs”.

14 (2) PURPOSE.—The purpose of the Commission
15 shall be to provide an objective and independent ac-
16 counting and analysis of the full cost to the Federal
17 Government, public housing agencies, State and
18 local governments, and other entities, per assisted
19 household, of the Federal assisted housing pro-
20 grams, taking into account the qualitative dif-
21 ferences among Federal assisted housing programs
22 in accordance with applicable standards of the De-
23 partment of Housing and Urban Development.

24 (c) MEMBERSHIP.—

1 (1) APPOINTMENT.—The Commission shall be
2 composed of 12 members, of whom—

3 (A) 1 member shall be the Inspector Gen-
4 eral of the Department of Housing and Urban
5 Development;

6 (B) 2 members shall be appointed by the
7 Secretary;

8 (C) 2 members shall be appointed by the
9 Chairman and Ranking Minority Member of the
10 Subcommittee on Housing Opportunity and
11 Community Development of the Committee on
12 Banking, Housing, and Urban Affairs of the
13 Senate and the Chairman and Ranking Minor-
14 ity Member of the Subcommittee on VA, HUD,
15 and Independent Agencies of the Committee on
16 Appropriations of the Senate;

17 (D) 2 members shall be appointed by the
18 Chairman and Ranking Minority Member of the
19 Subcommittee on Housing and Community Op-
20 portunity of the Committee on Banking and Fi-
21 nancial Services of the House of Representa-
22 tives and the Chairman and Ranking Minority
23 Member of the Subcommittee on VA, HUD,
24 and Independent Agencies of the Committee on
25 Appropriations of the House of Representatives;

1 (E) 1 member shall be appointed by the
2 Majority Leader of the Senate;

3 (F) 1 member shall be appointed by the
4 Majority Leader of the House of Representa-
5 tives;

6 (G) 1 member shall be appointed by the
7 Minority Leader of the Senate;

8 (H) 1 member shall be appointed by the
9 Minority Leader of the House of Representa-
10 tives; and

11 (I) 1 member shall be an ex-officio member
12 appointed by the Comptroller General of the
13 United States, from among officers and employ-
14 ees of the General Accounting Office.

15 (2) INITIAL APPOINTMENTS.—The initial mem-
16 bers of the Commission shall be appointed not later
17 than 90 days after the date of enactment of this
18 Act.

19 (3) QUALIFICATIONS.—The members of the
20 Commission appointed under paragraph (1)—

21 (A) shall all be experts in the field of ac-
22 counting, economics, cost analysis, finance, or
23 management; and

24 (B) shall include—

1 (i) 1 individual who is a distinguished
2 academic engaged in teaching or research;

3 (ii) 1 individual who is a business
4 leader, financial officer, or management
5 expert; and

6 (iii) 1 individual who is—

7 (I) a financial expert employed in
8 the private sector; and

9 (II) knowledgeable about housing
10 and real estate issues.

11 (4) ADDITIONAL QUALIFICATIONS.—In selecting
12 members of the Commission for appointment, the in-
13 dividual making the appointment shall ensure that
14 each member selected is able to analyze the Federal
15 assisted housing programs on an objective basis, and
16 that no individual is appointed to the Commission if
17 that individual has a personal financial interest, pro-
18 fessional association, or business interest in any
19 Federal assisted housing program, such that it
20 would pose a conflict of interest if that individual
21 were appointed to the Commission.

22 (d) ORGANIZATION.—

23 (1) CHAIRPERSON.—The Commission shall elect
24 a chairperson from among members of the Commis-
25 sion.

1 (2) QUORUM.—A majority of the members of
2 the Commission shall constitute a quorum for the
3 transaction of business, but a lesser number may
4 hold hearings.

5 (3) VOTING.—

6 (A) IN GENERAL.—Except as provided in
7 subparagraph (B), each member of the Com-
8 mission shall be entitled to 1 vote, which shall
9 be equal to the vote of every other member of
10 the Commission.

11 (B) EXCEPTION.—The member of the
12 Commission appointed pursuant to subsection
13 (c)(1)(I) shall be a nonvoting member of the
14 Commission.

15 (4) VACANCIES.—Any vacancy on the Commis-
16 sion shall not affect its powers, but shall be filled in
17 the manner in which the original appointment was
18 made.

19 (5) PROHIBITION ON ADDITIONAL PAY.—Mem-
20 bers of the Commission shall serve without com-
21 pensation.

22 (6) TRAVEL EXPENSES.—Each member shall
23 receive travel expenses, including per diem in lieu of
24 subsistence, in accordance with sections 5702 and
25 5703 of title 5, United States Code.

1 (e) FUNCTIONS.—

2 (1) IN GENERAL.—The Commission shall—

3 (A) analyze the full cost to the Federal
4 Government, public housing agencies, State and
5 local governments, and other parties, per as-
6 sisted household, of the Federal assisted hous-
7 ing programs, and shall conduct the analysis on
8 a nationwide and regional basis and in a man-
9 ner such that accurate per unit cost compari-
10 sons may be made between Federal assisted
11 housing programs, including grants, direct sub-
12 sidies, tax concessions, Federal mortgage insur-
13 ance liability, periodic renovation and rehabili-
14 tation, and modernization costs, demolition
15 costs, and other ancillary costs such as security;
16 and

17 (B) measure and evaluate qualitative dif-
18 ferences among Federal assisted housing pro-
19 grams in accordance with applicable standards
20 of the Department of Housing and Urban De-
21 velopment.

22 (2) FINAL REPORT.—Not later than 24 months
23 after the initial members of the Commission are ap-
24 pointed pursuant to subsection (c)(2), the Commis-
25 sion shall submit to the Secretary and to the Con-

1 gress a final report which shall contain the results
2 of the analysis and estimates required under para-
3 graph (1).

4 (3) LIMITATION.—The Commission may not
5 make any recommendations regarding Federal hous-
6 ing policy.

7 (f) POWERS.—

8 (1) HEARINGS.—The Commission may, for the
9 purpose of carrying out this section, hold such hear-
10 ings and sit and act at such times and places as the
11 Commission may find advisable.

12 (2) RULES AND REGULATIONS.—The Commis-
13 sion may adopt such rules and regulations as may
14 be necessary to establish its procedures and to gov-
15 ern the manner of its operations, organization, and
16 personnel.

17 (3) ASSISTANCE FROM FEDERAL AGENCIES.—

18 (A) INFORMATION.—The Commission may
19 request from any department or agency of the
20 United States, and such department or agency
21 shall provide to the Commission in a timely
22 fashion, such data and information as the Com-
23 mission may require to carry out this section.

24 (B) ADMINISTRATIVE SUPPORT.—The
25 General Services Administration shall provide to

1 the Commission, on a reimbursable basis, such
2 administrative support services as the Commis-
3 sion may request.

4 (C) PERSONNEL DETAILS AND TECHNICAL
5 ASSISTANCE.—Upon the request of the chair-
6 person of the Commission, the Secretary shall,
7 to the extent possible and subject to the discre-
8 tion of the Secretary—

9 (i) detail any of the personnel of the
10 Department of Housing and Urban Devel-
11 opment, on a nonreimbursable basis, to as-
12 sist the Commission in carrying out its du-
13 ties under this section; and

14 (ii) provide the Commission with tech-
15 nical assistance in carrying out its duties
16 under this section.

17 (4) INFORMATION FROM LOCAL HOUSING AND
18 MANAGEMENT AUTHORITIES.—The Commission
19 shall have access, for the purpose of carrying out its
20 functions under this section, to any books, docu-
21 ments, papers, and records of a local housing and
22 management authority that are pertinent to this sec-
23 tion and assistance received pursuant to this section.

1 (5) **MAILS.**—The Commission may use the
2 United States mails in the same manner and under
3 the same conditions as other Federal agencies.

4 (6) **CONTRACTING.**—The Commission may, to
5 the extent and in such amounts as are provided in
6 appropriations Acts, enter into contracts necessary
7 to carry out its duties under this section.

8 (7) **STAFF.**—

9 (A) **EXECUTIVE DIRECTOR.**—The Commis-
10 sion shall appoint an executive director of the
11 Commission who shall be compensated at a rate
12 fixed by the Commission, not to exceed the rate
13 established for level V of the Executive Sched-
14 ule under title 5, United States Code.

15 (B) **PERSONNEL.**—In addition to the exec-
16 utive director, the Commission may appoint and
17 fix the compensation of such personnel as it
18 deems advisable, in accordance with the provi-
19 sions of title 5, United States Code, governing
20 appointments to the competitive service, and
21 the provisions of chapter 51 and subchapter III
22 of chapter 53 of such title, relating to classifica-
23 tion and General Schedule pay rates.

24 (C) **LIMITATION.**—Subparagraphs (A) and
25 (B) shall be effective only to the extent and in

1 such amounts as are provided in appropriations
2 Acts.

3 (D) SELECTION CRITERIA.—In appointing
4 an executive director and staff, the Commission
5 shall ensure that the individuals appointed can
6 conduct any functions they may have regarding
7 the Federal assisted housing programs on an
8 objective basis and that no such individual has
9 a personal financial or business interest in any
10 such program.

11 (8) ADVISORY COMMITTEE.—The Commission
12 shall be considered an advisory committee within the
13 meaning of the Federal Advisory Committee Act (5
14 U.S.C. App.).

15 (g) FUNDING.—Of any amounts made available to
16 the Department of Housing and Urban Development for
17 each of fiscal years 1998 and 1999, there shall be available
18 \$4,500,000 to carry out this section.

19 (h) SUNSET.—The Commission shall terminate upon
20 the expiration of the 24-month period beginning on the
21 date on which the initial members of the Commission are
22 appointed pursuant to subsection (c)(2).

1 **SEC. 405. TECHNICAL CORRECTION OF PUBLIC HOUSING**
2 **AGENCY OPT-OUT AUTHORITY.**

3 Section 214(h)(2)(A) of the Housing and Community
4 Development Act of 1980 (42 U.S.C. 1436(h)(2)(A)) is
5 amended by striking “this section” and inserting “para-
6 graph (1) of this subsection”.

7 **SEC. 406. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
8 **TRACTS.**

9 (a) REQUIREMENT.—The Secretary shall investigate
10 all security contracts awarded by grantees under the Pub-
11 lic and Assisted Housing Drug Elimination Act of 1990
12 (42 U.S.C. 11901 et seq.) that are public housing agencies
13 that own or operate more than 4,500 public housing dwell-
14 ing units—

15 (1) to determine whether the contractors under
16 such contracts have complied with all laws and regu-
17 lations regarding prohibition of discrimination in
18 hiring practices;

19 (2) to determine whether such contracts were
20 awarded in accordance with the applicable laws and
21 regulations regarding the award of such contracts;

22 (3) to determine how many such contracts were
23 awarded under emergency contracting procedures;

24 (4) to evaluate the effectiveness of the con-
25 tracts; and

1 (5) to provide a full accounting of all expenses
2 under the contracts.

3 (b) REPORT.—Not later than 180 days after the date
4 of the enactment of this Act, the Secretary shall complete
5 the investigation required under subsection (a) and submit
6 a report to Congress regarding the findings under the in-
7 vestigation. With respect to each such contract, the report
8 shall—

9 (1) state whether the contract was made and is
10 operating, or was not made or is not operating, in
11 full compliance with applicable laws and regulations;
12 and

13 (2) for each contract that the Secretary deter-
14 mines is in such compliance issue a personal certifi-
15 cation of such compliance by the Secretary.

16 (c) ACTIONS.—For each contract that is described in
17 the report under subsection (b) as not made or not operat-
18 ing in full compliance with applicable laws and regulations,
19 the Secretary shall promptly take any actions available
20 under law or regulation that are necessary—

21 (1) to bring such contract into compliance; or

22 (2) to terminate the contract.

23 (d) EFFECTIVE DATE.—This section shall take effect
24 on the date of the enactment of this Act.

1 **SEC. 407. TREATMENT OF PUBLIC HOUSING AGENCY RE-**
2 **PAYMENT AGREEMENT.**

3 (a) **LIMITATION ON SECRETARY.**—During the 2-year
4 period beginning on the date of the enactment of this Act,
5 if the Housing Authority of the City of Las Vegas, Ne-
6 vada, is otherwise in compliance with the Repayment Lien
7 Agreement and Repayment Plan approved by the Sec-
8 retary on February 12, 1997, the Secretary of Housing
9 and Urban Development shall not take any action that has
10 the effect of reducing the inventory of senior citizen hous-
11 ing owned by such housing authority that does not receive
12 assistance from the Department of Housing and Urban
13 Development.

14 (b) **ALTERNATIVE REPAYMENT OPTIONS.**—During
15 the period referred to in subsection (a), the Secretary shall
16 assist the housing authority referred to in such subsection
17 to identify alternative repayment options to the plan re-
18 ferred to in such subsection and to execute an amended
19 repayment plan that will not adversely affect the housing
20 referred to in such subsection.

21 (c) **RULE OF CONSTRUCTION.**—This section may not
22 be construed to alter—

23 (1) any lien held by the Secretary pursuant to
24 the agreement referred to in subsection (a); or

25 (2) the obligation of the housing authority re-
26 ferred to in subsection (a) to close all remaining

1 items contained in the Inspector General audits
2 numbered 89 SF 1004 (issued January 20, 1989),
3 93 SF 1801 (issued October 30, 1993), and 96 SF
4 1002 (issued February 23, 1996).

5 **SEC. 408. CEILING RENTS FOR CERTAIN SECTION 8 PROP-**
6 **ERTIES.**

7 Notwithstanding any other provision of law, upon the
8 request of the owner of the project, the Secretary may es-
9 tablish ceiling rents for the Marshall Field Garden Apart-
10 ments Homes in Chicago, Illinois, if the ceiling rents are,
11 in the determination of the Secretary, equivalent to rents
12 for comparable properties.

13 **SEC. 409. SENSE OF CONGRESS.**

14 It is the sense of Congress that, each public housing
15 agency involved in the selection of residents under the
16 United States Housing Act of 1937 (including section 8
17 of that Act) should, consistent with the public housing
18 agency plan of the public housing agency, consider pref-
19 erences for individuals who are victims of domestic vio-
20 lence.

21 **SEC. 410. OTHER REPEALS.**

22 The following provisions of law are repealed:

23 (1) REPORT REGARDING FAIR HOUSING OBJEC-
24 TIVES.—Section 153 of the Housing and Community
25 Development Act of 1992 (42 U.S.C. 1437f note).

1 (2) SPECIAL PROJECTS FOR ELDERLY OR
2 HANDICAPPED FAMILIES.—Section 209 of the Hous-
3 ing and Community Development Act of 1974 (42
4 U.S.C. 1438).

5 (3) LOCAL HOUSING ASSISTANCE PLANS.—Sub-
6 section (c) of section 213 of the Housing and Com-
7 munity Development Act of 1974 (42 U.S.C.
8 1439(c)).

9 (4) MISCELLANEOUS PROVISIONS.—Subsections
10 (b)(1), (c), and (d) of section 326 of the Housing
11 and Community Development Amendments of 1981
12 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f
13 note).

14 (5) PUBLIC HOUSING CHILDHOOD DEVELOP-
15 MENT.—Section 222 of the Housing and Urban-
16 Rural Recovery Act of 1983 (12 U.S.C. 1701z–6
17 note).

18 (6) INDIAN HOUSING CHILDHOOD DEVELOP-
19 MENT.—Section 518 of the Cranston-Gonzalez Na-
20 tional Affordable Housing Act (12 U.S.C. 1701z–6
21 note).

22 (7) PUBLIC HOUSING ONE-STOP PERINATAL
23 SERVICES DEMONSTRATION.—Section 521 of the
24 Cranston-Gonzalez National Affordable Housing Act
25 (42 U.S.C. 1437t note).

1 (8) PUBLIC HOUSING MINCS DEMONSTRA-
 2 TION.—Section 522 of the Cranston-Gonzalez Na-
 3 tional Affordable Housing Act (42 U.S.C. 1437f
 4 note).

5 (9) PUBLIC HOUSING ENERGY EFFICIENCY
 6 DEMONSTRATION.—Section 523 of the Cranston-
 7 Gonzalez National Affordable Housing Act (42
 8 U.S.C. 1437g note).

9 (10) PUBLIC AND ASSISTED HOUSING YOUTH
 10 SPORTS PROGRAMS.—Section 520 of the Cranston-
 11 Gonzalez National Affordable Housing Act (42
 12 U.S.C. 11903a).

13 **SEC. 411. GUARANTEE OF LOANS FOR ACQUISITION OF**
 14 **PROPERTY.**

15 Notwithstanding section 108(b) of the Housing and
 16 Community Development Act of 1974 (42 U.S.C.
 17 5308(b)), with respect to any eligible public entity (or any
 18 public agency designated by an eligible public entity) re-
 19 ceiving assistance under that section (in this section re-
 20 ferred to as the “issuer”), a guarantee or commitment to
 21 guarantee may be made with respect to any note or other
 22 obligation under such section 108 if the issuer’s total out-
 23 standing notes or obligations guaranteed under that sec-
 24 tion (excluding any amount defeased under the contract
 25 entered into under section 108(d)(1)(A) of the Housing

1 and Community Development Act of 1974 (42 U.S.C.
 2 5308(d)(1)(A))) would thereby exceed an amount equal to
 3 5 times the amount of the grant approval for the issuer
 4 pursuant to section 106 or 107 of the Housing and Com-
 5 munity Development Act of 1974, if the issuer's total out-
 6 standing notes or obligations guaranteed under that sec-
 7 tion (excluding any amount defeased under the contract
 8 entered into under section 108(d)(1)(A) of the Housing
 9 and Community Development Act of 1974 (42 U.S.C.
 10 5308(d)(1)(A))) would not thereby exceed an amount
 11 equal to 6 times the amount of the grant approval for the
 12 issuer pursuant to section 106 or 107 of the Housing and
 13 Community Development Act of 1974, if the additional
 14 grant amount is used only for the purpose of acquiring
 15 or transferring the ownership of the production facility lo-
 16 cated at the following address in order to maintain produc-
 17 tion: One Prince Avenue, Lowell, Massachusetts 01852.

18 **SEC. 412. PROHIBITION ON USE OF ASSISTANCE FOR EM-**
 19 **PLOYMENT RELOCATION ACTIVITIES.**

20 Section 105 of the Housing and Community Develop-
 21 ment Act of 1974 (42 U.S.C. 5305) is amended by adding
 22 at the end the following:

23 “(h) PROHIBITION ON USE OF ASSISTANCE FOR EM-
 24 PLOYMENT RELOCATION ACTIVITIES.—Notwithstanding
 25 any other provision of law, no amount from a grant under

1 section 106 made in fiscal year 1997 or any succeeding
 2 fiscal year may be used to directly assist in the relocation
 3 of any industrial or commercial plant, facility, or oper-
 4 ation, from 1 area to another area, if the relocation is like-
 5 ly to result in an increase in the unemployment rate in
 6 the labor market area from which the relocation occurs.”.

7 **SEC. 413. USE OF HOME FUNDS FOR PUBLIC HOUSING MOD-**
 8 **ERNIZATION.**

9 Notwithstanding section 212(d)(5) of the Cranston-
 10 Gonzalez National Affordable Housing Act (42 U.S.C.
 11 12742(d)(5)), amounts made available to the City of Bis-
 12 marck, North Dakota or the State of North Dakota, under
 13 subtitle A of title II of the Cranston-Gonzalez National
 14 Affordable Housing Act (42 U.S.C. 12741 et seq.) for fis-
 15 cal year 1998, 1999, 2000, 2001, or 2002, may be used
 16 to carry out activities authorized under section 14 of the
 17 United States Housing Act of 1937 (42 U.S.C. 1437l) for
 18 the purpose of modernizing the Crescent Manor public
 19 housing project located at 107 East Bowen Avenue, in
 20 Bismarck, North Dakota, if—

21 (1) the Burleigh County Housing Authority (or
 22 any successor public housing agency that owns or
 23 operates the Crescent Manor public housing project)
 24 has obligated all other Federal assistance made

1 available to that public housing agency for that fis-
2 cal year; or

3 (2) the Secretary of Housing and Urban Devel-
4 opment authorizes the use of those amounts for the
5 purpose of modernizing that public housing project,
6 which authorization may be made with respect to 1
7 or more of those fiscal years.

8 **SEC. 414. REPORT ON SINGLE FAMILY AND MULTIFAMILY**
9 **HOMES.**

10 Not later than March 1, 1998, the Inspector General
11 of the Department of Housing and Urban Development
12 shall submit to Congress a report, which shall include in-
13 formation relating to—

14 (1) with respect to 1- to 4-family dwellings
15 owned by the Department of Housing and Urban
16 Development as of November 1, 1997—

17 (A) the total number of units in those
18 dwellings;

19 (B) the number and percentage of units in
20 those dwellings that are unoccupied, and their
21 average period of vacancy, as of that date; and

22 (C) the number and percentage of units in
23 those dwellings that have been unoccupied for
24 more than 1 year, as of that date;

1 (2) with respect to multifamily housing projects
2 (as that term is defined in section 203 of the Hous-
3 ing and Community Development Amendments of
4 1978) owned by the Department of Housing and
5 Urban Development as of November 1, 1997—

6 (A) the total number of units in those
7 projects;

8 (B) the number and percentage of units in
9 those projects that are unoccupied, and their
10 average period of vacancy, as of that date;

11 (C) the number and percentage of units in
12 those projects that have been unoccupied for
13 more than 1 year, as of that date; and

14 (D) the number and percentage of units in
15 those projects that are determined by the In-
16 spector General to be substandard, based on
17 any—

18 (i) lack of hot or cold piped water;

19 (ii) lack of working toilets;

20 (iii) regular and prolonged break-
21 downs in heating;

22 (iv) dangerous electrical problems;

23 (v) unsafe hallways or stairways;

24 (vi) leaking roofs, windows, or pipes;

1 (vii) open holes in walls and ceilings;

2 and

3 (viii) indications of rodent infestation;

4 and

5 (3) the causes of the vacancies described in sub-
6 paragraphs (B) and (C) of paragraph (1), and sub-
7 paragraphs (B) and (C) of paragraph (2), and the
8 programs of the Department of Housing and Urban
9 Development that are, as of November 1, 1997, tar-
10 geted to rectifying those causes.

Passed the Senate September 26, 1997.

Attest:

GARY SISCO,

Secretary.